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The CREDIT WORLD

Magazine of
Retail Credit

CREDIT has done a thousand times more to enrich mankind than all the gold mines in the world. It has excited labor, stimulated manufacture, pushed commerce over every sea.

—DANIEL WEBSTER



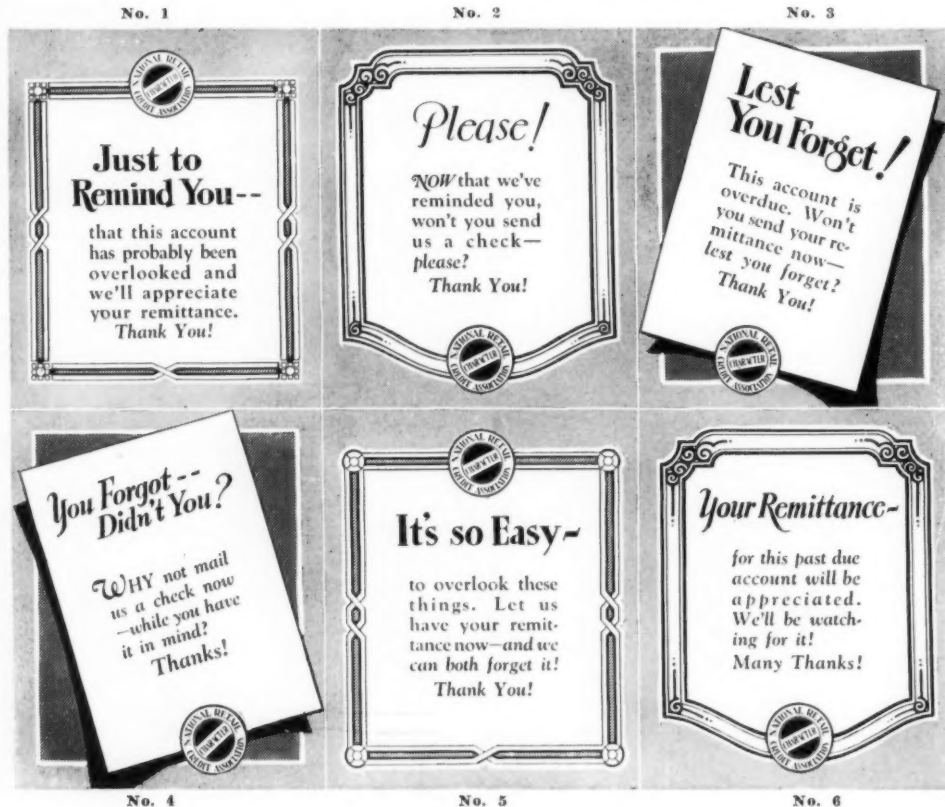
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NOVEMBER, 1932



Vol. XXI No. 3

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NATIONAL RETAIL CREDIT ASSOCIATION
1218 Olive St. St. Louis, Mo.

The CREDIT WORLD

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

November, 1932

Vol. XXI

No. 3

DAVID J. WOODLOCK Editor
GUY H. HULSE Associate Editor
DANIEL J. HANNEFIN Associate Editor

ELMER A. UFFMAN Business Manager
G. F. O'CONNELL Circulation Manager
M. E. RIORDAN Advertising Manager
R. PRESTON SHEALEY Washington Representative

Advertising Representatives

PARSONS & DEMPERS 1834 Daily News Bldg., Chicago
PAUL W. & GUY F. MINNICK 33 W. 42nd St., New York

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This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association; in all other respects the Association cannot be responsible for the contents thereof or for the opinions of writers.

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EDITORIAL AND EXECUTIVE OFFICES
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NOVEMBER, 1932

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Recognizing the need for specialized credit training, the Educational Department of the National Retail Credit Association furnishes two separate, comprehensive study courses in Retail Credit:

1. Retail Credit Practice and Procedure

A series of fifteen lectures on the following subjects:

- No. 1—"DEFINITION OF RETAIL CREDIT."
- No. 2—"THE PLACE OF THE CREDIT DEPARTMENT IN THE ORGANIZATION OF THE RETAIL STORE."
- No. 3—"THE STRUCTURE OF THE CREDIT DEPARTMENT."
- No. 4—"ORIGINATING ACCOUNTS."
- No. 5—"DETERMINING RESPONSIBILITY OF APPLICANT."
- No. 6—"ACCEPTANCE OF APPLICATION."
- No. 7—"AUTHORIZATION."
- No. 8—"COLLECTIONS."
- No. 9—"INSTALLMENT BUSINESS."
- No. 10—"INSTALLMENT BUSINESS."
- No. 11—"LEGAL REMEDIES."
- No. 12—"CORRESPONDENCE."
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- No. 14—"CREDIT PERSONNEL."
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A series of twelve lectures on the following subjects:

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12. INSTALLMENT SALES PROMOTION.

*Your Bureau Manager
has complete details - - ask him about it*

**Educational Department
National Retail Credit Association**

Executive Offices

St. Louis, Missouri

EDITORIAL COMMENT

D. J. WOODLOCK

Retailers Lead in Customer Relations

IN A LECTURE delivered before the School of Commerce, Northwestern University, Paul T. Nystrom, Professor of Marketing and well-known economist, paid this compliment to the retailer:

"The retail trade in its ethical relations with its customers has made greater progress than any other major line of business. If the example of one industry may have any educational effect upon others, then many industries in many lines and particularly the banking and financial businesses have much to learn from the lowly ranks of retail trade."

We have felt that the stability of the retail trade as a whole during the depression and the ability to apply sound reasoning to solving the many problems of the past three years, will cause the retailer to take a higher place in our commercial scheme than has been given him in the past.

The lowly "shopkeeper" has shown real business leadership and the retail credit executive has been an important factor because of his intelligent handling of charge accounts. The words of Dr. Nystrom should inspire us to greater effort.

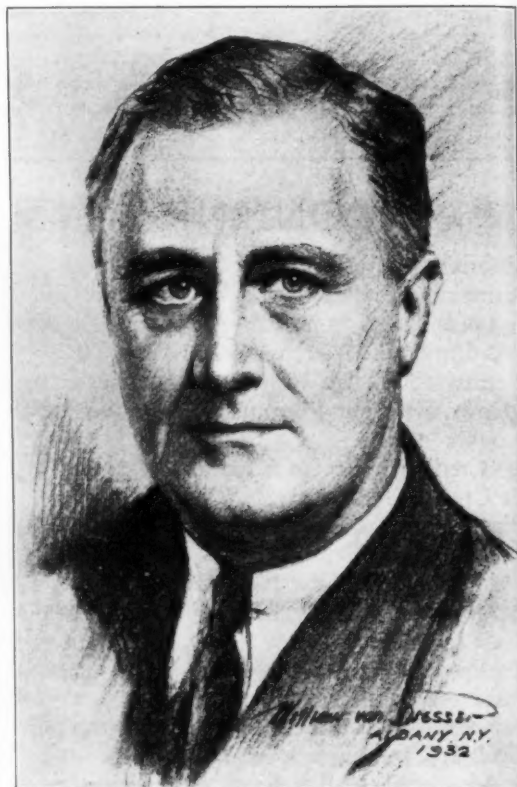
Increasing Collection Turnover

IF IT is good business to use page after page in newspapers to sell merchandise, isn't it equally good business to use the same medium to sell the idea of paying promptly for these purchases?

The National Retail Credit Association has just released for the use of its members, a series of advertisements, which is the best and most appealing copy ever written on the subject of sound credit and prompt payment.

It is ideal for all size communities. Leading merchants who have seen the copy agree it will do more to develop increased collection turnover and community credit conscience than anything before attempted.

Officers of local credit organizations and aggressive retail merchants associations may have copies of the entire series upon request to the National Retail Credit Association, St. Louis, Mo.



"A New Deal"

THE people by a majority vote of such size as to leave no doubt of their determination, have changed the political faith of our national administration and answered Governor Roosevelt's call for a "new deal."

The election is over and we can now turn our attention from politics to business. Every loyal American, regardless of his political belief, must place his faith and confidence in the chosen administration and give it that loyal support and cooperation which will mean a return of prosperity in as short a time as possible.

Never has an administration entered office facing more difficult problems. No administration was ever elected from which greater things are expected. Many persons expect a change overnight and an immediate boom but thinking men realize it will take time for the "new deal" to

become effective. However, this time can be shortened and the task of restoring prosperity be made easier when we all enter into the spirit of the "new deal" and cooperate whole-heartedly with our chosen leaders.

The psychology of the election should do much to accelerate the upward trend. It was so decisive, so positive, and indicated such confidence in the successful candidate and his party's policies that it will likely remove the doubt and uncertainty which has been holding us in check.

One thing is certain, we got a lot of political ballyhoo, doubt and uncertainty out of our systems. We *know* where the people stand and that they demand immediate and decisive action to revive business and employment. President-Elect Roosevelt has pledged himself to this policy. Let's all help him carry it through.

There Is A Profit Vanishing Point in Charge Accounts

AS A SUBSCRIBER to The CREDIT WORLD," writes one of our members, "I would appreciate if you will explain in detail the following statement made by a man who has been very successful in the retailing of musical instruments.

"He said in part, 'We piano men have been fooling ourselves a good many years. We have thought when we sold a piano for four hundred dollars which had cost us two hundred, that we were actually making two hundred.'

"This would be the case, he explained, if the account was paid in full the first year. If it ran two years the profit would be reduced 50 per cent and if it ran three years it would be reduced to less than overhead and therefore show a loss. By what line of reasoning would he arrive at this conclusion?"

This appears to be a very simple question. Merchants should realize that the longer the payment of an account is delayed, the less the profit, because the interest on the deferred payment eats up the profit.

For example, we sell a \$400.00 piano, \$40.00 cash, leaving a balance of \$360.00. The interest on that account is \$1.80 for a month. When another payment of say \$20.00 is made, leaving a balance of \$340.00, the interest is \$1.70 for the second month.

It is easy to see, if payments run over a period of two years, how much profit is taken up in interest, not to consider bookkeeping and collection expense.

"One of the letters found in this book brought in one hundred dollars (\$100) on the first old account it was sent out on . . ."—J. H. Seymour, Asst. Treas., F. E. Powers Co., (Coal) Worcester, Mass.

"I didn't have the book two weeks before it had paid for itself many times over and it is not nearly worn out at this writing . . ."—H. S. Thomas, President, Thomas & Crabbe Baking Company, Bridgeport, Conn.

Effective Collection Methods

by E. H. Gardner, of Benton and Bowles, and Frank A. Fall, Past Director, Nat'l Institute of Credit, National Association of Credit Men.



E. H. GARDNER



FRANK A. FALL

Effective Collection Methods is crammed with ideas to help you increase the effectiveness of your collection work. It is a complete treatment of collections. It shows how to develop constructive collection policies that fit in with your firm's credit and sales policies; how to build the particular collection system that will prove most effective in meeting the requirements of your own business; how to apply salesmanship in your collection efforts; and how to meet the special collection problems that come up daily.

There are 265 specimen letters which illustrate tested ideas for handling practically every situation in which collection letters have to be written. It also contains scores of helpful suggestions on speeding up collections, cleaning up old accounts, using collectors, the legal side of collecting. In fact, it has the answer to pretty nearly any collection

ALTHOUGH it was published only three months ago, hundreds of retail credit executives are already using this new book. It is no compilation of smart-aleck, one-time, high-pressure schemes but is instead a thorough, organized presentation of sound methods that collect money without cutting down sales or losing good will. Its practical suggestions stand up under the acid test of current conditions.

question which is likely to be bothering you.

No matter how good your firm's collection policies and methods may be, you will find it distinctly worth while to check them against those described and explained in this new book.

You can have *Effective Collection Methods* sent to you on trial—at our risk, without advance payment, and delivery charges prepaid by us—with the privilege of five days' examination. If you don't find it satisfactory in every respect, send it back without further obligation. If you keep it, remit \$4.50 in full payment at the end of the five-day approval period. Just one account collected through the use of an idea gained from this book should repay you this small cost many times over.

Fill in and mail the coupon below—the book will be shipped to you by return post.

472 Pages, Price \$4.50

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Send me a copy of Gardner and Fall's *Effective Collection Methods*. delivery charges prepaid. Within five days after its receipt I will either send it back or remit \$4.50 in full payment.

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Firm _____
Title or Position _____
Business Address _____
City _____ State _____

*If outside continental U. S. or Canada, send cash plus 25c for shipping.





Maintaining Satisfactory Collection Turnover

By AUG. C. WEHL

Credit Manager, Gimbel Bros., Milwaukee, Wis.,
Director, National Retail Credit Association

WHEN the final analysis is made, no sale is complete until the bill is paid, and during these strenuous days, when every sale counts, it is more important than ever to collect.

When collections began to be a real problem we found that—in order to maintain a standing that had taken us years to develop—some serious thinking was necessary. As a result we made several changes, which include a general analysis of all accounts twice each month, the transfer of past due accounts into a separate set of ledgers, a definite collection procedure by analyzers, more complete credit information and closer scrutiny of new applications.

Our new plan also provides for rating of accounts for control purposes, reporting on overlimit accounts and closed accounts where additional credit has been granted, investigation on accounts which had been inactive, very slow or overlimit. These changes have placed us in closer touch with accounts and particularly those which actually require special attention.

With the credit managers of the larger stores, we have kept in close touch through biweekly meetings—warning each other on overlimit accounts and particularly checking up on customers who had large accounts at more than one department store—cooperating to prevent fraud, etc.

The custom of handing out merchandise on a "take-with" charge up to a certain amount has been discontinued except on special occasions—large sale days, etc., when supervisors and floormen are authorized to O. K. up to a certain amount, providing the customer has a charge card or is personally known as a charge customer to the supervisor. Otherwise all charges are referred to the Authorization Room for an O. K. By making this change, we have reduced our fraudulent purchases over 60 per cent, and error charges over 50 per cent.

The mechanics necessary to produce a good turnover of accounts receivable are:

- Credit Extension
- Credit Control
- Collection Control
- Collection Follow-Up

In making the first contact with the customer, we are extremely particular to secure as much information as

possible. Each employee in the Credit Office, who takes applications, is instructed to write down his or her impression after the customer leaves and also any additional information which might be of interest.

The customer is told at the time that our terms require payment in full by the tenth of the month following purchase. The customer fully understands the terms and conditions upon which credit will be extended. When the account is opened the customer is also notified again by letter, so that there is no question about this important matter.

We have no special accounts except those who obtain merchandise on charge due to our own errors. We do not extend credit until a report is received from the bureau, unless the applicant is known to us or can assure us through proper identification, etc., that it would be safe to O. K. the charge.

If a new customer fails to pay her account by the tenth, we write her 15 days later, again explaining terms of payment. With the account properly opened and the customer realizing that prompt payment is expected and anticipated, the customer is on the way toward being an asset to the store. No credit is extended until the usual investigation has been made.

Definite and absolute credit control is extremely difficult, but we have made good progress along this line through reports on overlimit and slow pay accounts, closed accounts and all accounts over a certain amount—new accounts buying heavy, reopened accounts and special reports from the analyzers. Bookkeepers are paid for reporting and fined for failure to do so and our analyzers have definite instructions to follow along these lines and consequently we are doubly protected. Credit control is a very important factor toward a satisfactory collection percentage and in reducing losses from fraudulent purchases.

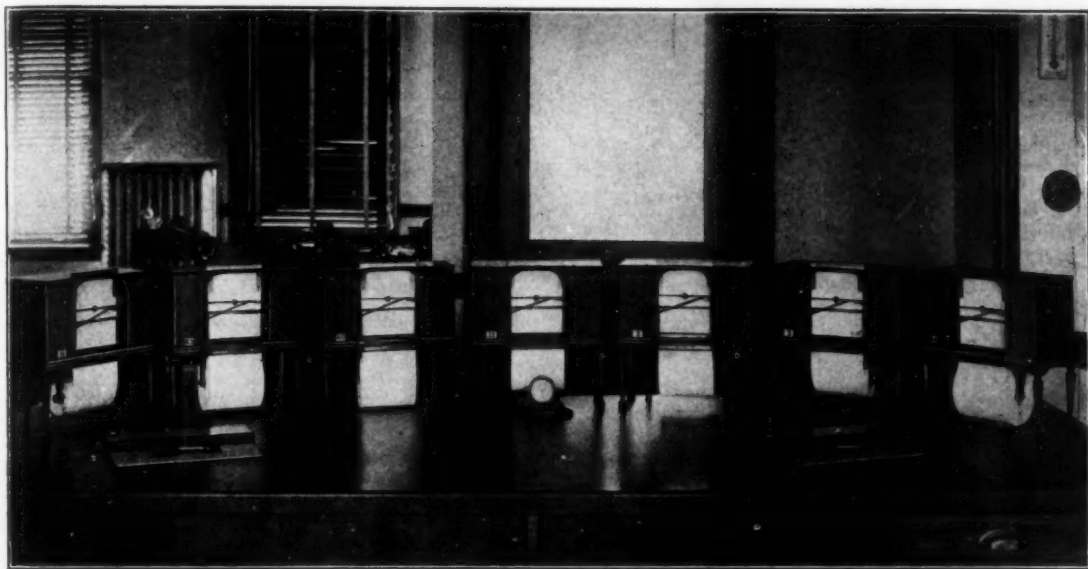
Our preliminary collection work is done by analyzers, who work on a definite schedule, accounts being analyzed every 15 days. Their instructions explain what to do and when, determined by the customer's rating and the length of time the account has been on the books.

When the analyzer's schedule is completed and has produced no results, the account is transferred to the

SPEED

ACCURACY

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TELAUTOGRAPHS

The Modern Method of Handling Credit Information

Convert Your Credit Losses Into Profit Savings by Using This Fast, Accurate and Economical Means of Communication

With Telautographs, the volume of requests to the Credit Bureau increases immeasurably, for the Bureau can send its members complete reports in a few minutes' time—providing them with a quicker and better check on credit applicants before making deliveries.

Speed and accuracy are the very essence of Telautographs, because they transmit indelible handwritten messages electrically, and are so constructed that they must reproduce, at all points simultaneously, the messages exactly as written by the sender.

**All This Service Cost Is About \$1.00 Per Day for Each Store.
140 Banks and Stores Are Now Connected to 22 Bureaus by Telautographs!**

Here's what two subscribers recently said about the use of Telautographs for credit reporting—

Mr. O. S. White, Credit Manager,
Bry-Block Mercantile Co.,
Memphis, Tennessee—said:

"We, the Bry-Block Mercantile Company, have been using the Telautograph system in our Credit Office since February, 1930, to transmit credit information to the Merchants' Credit Association.

"This system has proved especially adaptable for credit work and not too expensive. We would gladly recommend this system to anyone in need of such service."

Mr. J. J. Valentine, Credit Manager,
J. Goldsmith & Sons Company,
Memphis, Tennessee—said:

"I have been in the service of J. Goldsmith and Sons as Credit Manager for eight years. For the past three years we have used the Telautograph equipment connected with three other department stores, through the Merchants' Credit Association.

"Our service has been faster, more accurate and more economical since the installation of this equipment."

Send for Literature—Our Man—or Both. No Obligation—Ever!

DEPENDABILITY

ECONOMY

SERVICE

TELAUTOGRAPH CORPORATION

FACTORY AND GENERAL OFFICES: 16 WEST SIXTY-FIRST STREET, NEW YORK, N. Y.

We Have Forty-Five Branch Offices Serving Over 450 Cities in the United States

Collection Ledger and collection cards are made out with complete information. Thereafter the Collection Department is responsible (accounts in the Collection Ledger being retained in the general control).

Collection Control must be through an adequate basis of Collection Procedure. There must be a definite system. Statistics must be available by comparison with the previous month and the same month last year.

The lack of definite follow-up is one of the greatest stumbling blocks to effective collections. Whatever action has been taken, whether it be a letter, telephone or personal call, must be revealed in proper order and the necessity for the next step—if no results have been achieved.

Nothing should be left to memory or a haphazard system. If you have contacted a customer today, and, at the end of ten days you feel that a response is due, that account should be on the Collection Manager's desk at that time, *rain or shine*.

Our follow-up plan is through a duplicate card; one is a master card, the other a working card. The large card is filed alphabetically and the working card in a monthly file under the specific date that the account is to show up for further attention. When a letter is written, or a telephone call has been made, or the customer calls to see you, or you receive a letter, a notation is made on the card and it is then dated over, the time depending on how soon the Collection Manager expects a response.

The same information is typed on the master card. The master card never leaves the file until the account is paid or for other reasons is transferred back to the regular ledger.

With this system, it is not necessary to check back for credit information, for all information antecedent or otherwise is recorded on the working card before the Collection Department receives it. If the account has been in collection before, the date of last payment, customer's previous paying record, rating, occupation, analyzer's work, all are recorded on the card and the collection man has a complete picture of the customer.

After the collection cards are made out by the analyzers the account remains in the hands of the collection department until the account is either paid in full or a sufficiently large partial payment is made so the account can be transferred back to the regular books.

Do we charge interest on delinquent charge accounts? "Yes" and "No." We do not have a definite policy of charging interest on all past due accounts, but when a customer is unable to pay his account in full we suggest liquidation on a monthly basis with a carrying charge and if acceptable the customer signs an agreement.

A special interest account was opened for this purpose and the amount carried on that account will be a nice credit against P. & L. at the end of the year. We

do not transfer such accounts to deferred payment division, but carry them along in the collection ledgers.

Our collection percentage has varied from 45 per cent to 53 per cent. By collection percentage, I mean the ratio of the amount (net cash) collected during any month to the amount outstanding at the beginning of that month. Our percentages during:

1930 (average)	50.48 per cent
1931 (average)	49.51 per cent
1932 (average)	47.43 per cent

Our collection percentages on installment accounts during:

1930	17.50 per cent
1931	18.45 per cent
1932	18.50 per cent

You will note that our turnover has increased despite declining outstandings and increasingly poor business conditions. Our reverts have also decreased. The same collection system applies to all accounts except that we do not send monthly statements on deferred payment accounts.

These accounts are analyzed every 15 days, the analyzer using telephone, statement and two notices. If no results, the account is referred to the Collection Department. If a new account, and the first or second payment has not been paid after the first notice, the account is immediately referred.

Here again, wherever possible, the telephone is used. The collection department does not permit accounts to drag. The merchandise is promptly brought in, while it still has a resale value.

We do not advertise terms or down payments, except on certain nationally advertised articles. On most merchandise we require 25 per cent down payment, terms generally not to exceed 12 months with 6 per cent carrying charge (no deferred payment sale under \$20.00). Minimum down payment is \$5.00, minimum monthly payment, \$5.00.

Our collection system is very simple. We know at all times just what percentage of accounts are doubtful or slow and an activity report on all collection accounts is made monthly. Our analyzers use an ordinary statement, a special statement, two notices and a special letter for new accounts.

They watch new accounts closely for the first six months and if a new customer's account is not paid fifteen days after the tenth, a special letter is sent, calling their attention to our terms.

Our ledger sheet carries the following information: The date when the account was opened, the customer's rating, occupation, and limit. The customer's rating is explained by three different codes: AA, representing the highest type charge customer, credit unquestioned, no limit; A, considered good (but limited); B, considered fair (limited). These ratings are made according to occupations and general credit standards for the purpose

of assisting the authorizers and the analyzers. The analyzer's schedule is so arranged that due consideration is made from the length of time the customer has been on our books, the rating and general status of the account.

We have found our best results have been achieved through personal contact, and the telephone to be the best means of communication. It is convenient and takes only a few minutes to contact the debtor and if there is some dispute, it can be promptly investigated. You are able to inquire, you are able to reason, you are not placing yourself on record immediately through any dunning letter and it is a great deal easier to smooth over any little hard feelings that there may be.

The approach may be made in a dozen different ways. Any number of letters are ignored. When you converse with the customer over the telephone, the chances are that you will receive something definite, and when a promise is made, you have all that you can expect. When the account is referred to the Collection Department, telephone is the first means of contact.

Next to the telephone, we make considerable use of form letters and personally dictated letters; also a series of letters supplied through our local credit association. After the customer has been given a reasonable amount of time and has had a reasonable number of notices we use, as a last resort, the local credit association letters and they do have very good results. The collection department again is guided in their work by the ratings and the length of time customers have been on the books. Accounts are followed up by this division every ten days.

Effective letters have tremendous pulling power, and whenever possible we use a personally dictated letter. It is of course practically impossible to dictate all letters. Our Collection Department has a certain set of letters which they use. These letters are changed at least every six months.

We endeavor in these letters to do certain things: First, to state the case plainly and sensibly. The purpose of the letter is to get the money and yet retain the customer's good will. The letter must not lose business but must pull. No letter is harder to dictate than one which must perform the function of getting money and holding the customer's good will.

I consider it poor policy to refer to the need for money or refer to the business outlook. I don't believe that the old phrase, "the payment has been overlooked," should be used. I do not believe that a person should beg for payment. I consider it bad business to offer special discounts or premiums. I do not believe in stunt collection letters, and am not favorable to stickers.

In these days, it is human nature to delay payment. People dislike to part with money, but you will agree that it is easier to collect when the purchase is new and the terms still fresh in the customer's mind. The older the account is, the harder it is to collect. As time goes on all kinds of things happen!

I maintain that the credit man who works on a definite policy and a close follow-up will keep his accounts

in better condition. He will have a satisfactory turnover, and less losses. He will also retain the good will and respect of the store's charge customers.

The old idea that there was nothing new in collecting accounts and that each credit manager felt that he had the best method can be discarded. We all still have a lot to learn. There are always new ideas, there are always changes that can be made which improve the efficiency of a system and it is only under stress when we really extend ourselves to gather information from the other fellow.

The collection of accounts is probably causing more interest in retail business today than anything else, for the reason that retail business cannot exist unless the accounts receivable turn over in a reasonable time. There isn't anything which has caused so many failures in business as carelessness in collections, probably more so than careless extension. One of the greatest handicaps in the collection of accounts is the manner in which credit is extended in the beginning. I refer to a lack of frankness and a lack of firmness, a lack of understanding the terms and policy by the customer. Collection turnover is to retail business what blood is to a human being. If your circulation fails its just too bad, and it's just too bad for the retail business which does not have a reasonably good turnover. Profits today are small and that makes it vitally necessary that collections should be prompt.

I find a great many people are afraid to ask for payment, afraid that they will lose the customer's good will. It has often been asked, "When is the proper time to ask for payment when the item is overdue?" Should you allow one customer certain privileges and not to the others? Do people who promise to pay their bills at a certain time pay when the time comes? Experience shows that in most cases people who say they can and will pay in a certain time never do. Accounts are carried along for months and then become skips, some have to be referred to attorneys and some are never collected. To be afraid to collect an account results in losses.

Granting extensions is easy and anybody can do that, but it takes a person with good judgment and tact who can collect a payment, even though a partial payment, and arrange a definite date when balance will be paid, and still leave the customer's attitude friendly toward the store. You always have a better chance to collect an account that is kept active even though payments are small. Anybody can be magnanimous, it is easy to be a good fellow and grant a customer's request for extension.

We do not have any definite time when the account should be referred or placed for collection. Everything possible is done before resorting to legal process. It may happen ninety days after due date or twelve months after due date. Such action depends entirely upon the circumstances surrounding the individual case. I believe collection procedure should be consistent with the idea

(Continued on page 30.)

St. Louis Drug Store Survey Reveals Credit As Important Merchandising Aid

By HORACE W. POTE

THANKS to the splendid efforts of the United States Department of Commerce in their minute study of the retail drug stores, in metropolitan St. Louis, credit appears as a factor in successful operation.

This report, recently issued, directs attention to the fact that the findings in the metropolitan survey, embracing some 250 stores of all types and sizes, likely reflects similar conditions existing in other cities. For this reason a review of credit details as experienced in this study is of more than average interest.

The accompanying graphs reveal that a high ratio of retail drug business in St. Louis results from credit transactions. If, as the report infers, a similar situation exists in other cities, credit plays an important part in most drug sales.

This is an addition to the positive fact-finding knowledge which has been accumulated on the subject of retail credit in American business.

The average man is likely to think in a mental flash that a drug store is a place of business, occupying a near-by corner, where he can get his fifteen-cent packet of cigarettes, an ice cream soda if the weather urges it, or he can pick up a box of headache pills to take home for the maid.

Rarely is it considered as a retail outlet where large purchases are made, such as occur in department or furnishing stores. Yet, in spite of the low unit price commodities offered over its counters, credit appears as a prominent factor in the distribution of business among the multitude of customers.

The growth of nationally known drug chains has brought about a general belief that soon only larger stores would exist, the little ones having been pushed out by the economic laws favoring those that sold for lowest prices and furnished the best services to their patrons. It is not surprising to find that in a measure credit finds its most liberal use in drug stores of higher capitalization and with larger annual turnover. It is easy to understand this fact, for successful credit management is not to be left to the inexperienced. Requiring personnel and some equipment for adequate control, credit operations demand certain expenses which are best borne by higher capitalized units.

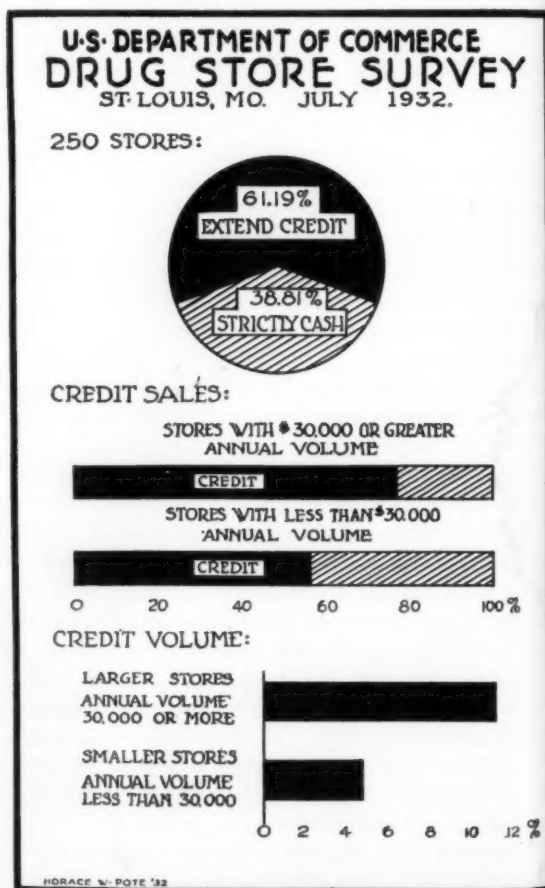
Again the data reflects that larger stores enjoy comparable shares of credit business and must, therefore, benefit by wise merchandising policies.

Although the report does not so state, it seems reason-

able that much of the credit business of retail drug stores arises through charge accounts for home deliveries, originating from telephone calls by the customer. These accounts are ordinarily payable by the tenth of the following month.

In these cases the preponderance of sales are for small commodities that are easily delivered at little expense. Yet, when comparing the credit sales with total sales as far as the stock of merchandise is concerned, it appears that only a small portion of the stock is disposed of by this means since approximately 10 per cent moves out of the stores on credit sales.

When the 250 stores as studied in this survey show their average longevity to be nearly eight years in their present locations, it is easy to understand that drug store operations involving credit sales have been highly successful.



"Teamwork"—The Way to Better Credits

By A. F. KUHLEMAN

Treasurer, Krupp & Tuffly, Houston, Texas



WE BELIEVE that at this time we are on a slow but sure business upgrade, and this is the time to begin thinking of the tomorrow.

When tomorrow comes, and conditions again become normal, we will be looking about for new customers and more volume, and this we can anticipate to a great extent by the proper handling of many of our customers who, at this time, are indebted to us, but are unable for various reasons to pay their debts. When these customers again have their incomes adjusted, or return to work, they will pay their old accounts and again become valuable customers, provided their good will has been retained.

It is my opinion that we, as credit granters, must overlook the fact that during the last eighteen months many accounts have lapsed. This delinquency is in a great part due to conditions over which the average customer has no control; hence, insistent demand for payment only tends to irritate and eventually drive away the customer.

Under the circumstances, it is advisable that each account be considered individually. In cases where the customer has been unemployed, or otherwise suffered severe financial reverses, harsh methods of collection will avail nothing. We have found that by using the following suggestions, delinquent accounts can be collected, and without offense to the customer.

We have obtained excellent results through the local finance company, and suggest that greater use be made of this service. A qualified person can arrange a loan whereby he may pay any of his accounts that are in arrears.

For those not familiar with this service, I will explain briefly: The borrower arranges with the finance company to pay any given accounts; the creditor indorses the note for his pro rata part of the loan and immediately following payment of interest by debtor, the finance company pays amount owing by the debtor. We believe this method of collecting worthy of encouragement, as much good flows from the use of it.

Secondly, there is the acceptance of a note, an interest-bearing instrument, for the amount in arrears, which, of course, restores life to the debt.

There are those who state that they are not at present making use of the privilege of charging, but are pay-

ing cash instead. Grant this as true, there still remains the possibility of losing this class of customer.

When practical, we suggest that when next making a purchase the amount be charged to the open account, and at the same time an equal amount, or preferably, a greater amount be paid to be credited to the account. This serves several useful purposes. It tends to retain the good will of the customer which is, naturally, highly desirable, prevents the customer from purchasing elsewhere, and improves the appearance of the account on the books.

While we do not sponsor the idea of those on the sales floor being informed as to the status of accounts, or being used as collectors, we do say that when the credit department and those in the sales department are cooperating as they should, the salesperson can in many instances obtain desirable information for the credit department, since he is usually in closer contact with the customer.

Quite frequently while being served, the customer will remark that he has lost his position, or has received a promotion, or intends making a payment on his account at a future date, etc. Whenever this information is passed on to the credit department, as it should be, it is in many instances quite valuable.

Now, more than ever before, it is vitally important that a credit granter should be a member of the local, state and national Credit Associations. He should be more than just a member! He should be an active member and attend regularly the meetings of the local association, and as often as possible attend the state and national conventions.

The programs and many discussions of timely problems are well worth anyone's time, and lead to personal contacts, which are invaluable to credit granters. The personal contact, when developed, will naturally ripen into a closer friendship, from which mutual good should result.

Close cooperation of this nature makes for frankness in discussions. When personally acquainted with your fellow credit granters, information that could not be otherwise had is more readily obtained, and more cheerfully given.

Cooperate. Remember you only get from an association what you put into it.



A Down-Payment Formula for Contract Accounts

By WALLACE C. STONEMAN
Collection Manager, O'Connor, Moffatt & Company
(Editor "Credit Echoes"), San Francisco, Calif.

A CUSTOMER wishes to purchase a certain amount on the budget plan and desires to make a down payment that will result in monthly payments of a definite even amount over a period of six, eight or ten months. How can the down payment be determined?" asks a credit office assistant who is confronted with this problem almost daily taking contract applications.

"For example: The total purchase is \$500. The carrying charge is $\frac{1}{2}$ of 1% per month figured on the balance *after deducting the down payment*. The customer wishes to make a down payment sufficiently large to enable her to pay the balance in even amounts of \$30 per month for ten months."

Anyone can try out a few figures and guess an approximate answer, the usual method being to figure backward and to remark to the customer somewhat as follows:

"Let me see—you wish to pay \$30 a month—that makes \$300 in ten months; \$300 from \$500 leaves \$200. If you pay \$200 down the balance is \$300, the carrying charge will be \$15—total \$315. Payments would be \$31.50 a month. Well, if you wish, you can pay \$30 a month for nine months and make up the difference by paying \$45 as a final payment."

However, this does not meet with the customer's stipulation and there is always the possibility that the *difference* will not be taken up in the last payment with the result that the carrying charge of \$15 may be a disputed hang-over.

Without guesswork, the exact down payment for this particular contract account can be found as follows:

$$\frac{500 + 25 - 300}{1.05} = \$214.28 \text{ (down payment)}$$

Here is the proof:

Amount of Contract	\$500.00
Down Payment	214.28
Balance	\$285.72
Carrying Charge (5%)	14.28
Deferred Balance	\$300.00

Terms, \$30 per month for ten months as customer requested.

The Formula

The problem was first solved by algebra, and from the algebraic equation we deduce the following formula:

$$\frac{\text{Contract} + \text{Interest} - \text{Deferred Payment}}{1 + \text{Rate}} = \text{down payment}$$

The above factors are explained as follows:

Contract, is the total amount, which in this example is \$500.

Interest, is figured in the total contract, which in this example is 5% of \$500 or \$25.

Deferred Payment, is the total the customer wishes to pay for the time the contract is to run, which in this example is \$30 per month for ten months, or \$300.

Rate, is the interest rate for the length of time the contract is to run, or 5% in this example. To this rate "1" is added. Hence, the divisor in the formula is "1 plus the rate."

Those interested may try out the formula for any amount, any desired monthly payments, for any period of time. For example: A young lady wishes to purchase a fur coat priced at \$200 and desires to make a down payment large enough so that she can clear the balance in six monthly payments at \$25 per month, the carrying charge being $\frac{1}{2}$ of 1% per month, or 3%. Merely set down the figures according to the formula and rapidly figure out the down payment as follows:

$$\frac{200 + 6 - 150}{1.03} = ? \text{ (down payment)}$$

It will be found that the answer is \$54.37.

Algebraic Explanation

Credit managers who wish to know how the formula is arrived at and who desire to dust off their algebra, may be interested in the following algebraic solution:

It is desired to find the amount of the down payment. Therefore, the down payment is the "unknown quantity."

Hence, let X = the down payment.

Then, $500 - X$ = balance after deducting down payment.

$$(500 - X) \text{ multiplied by the interest rate of } 5\% \text{ or } \frac{5(500 - X)}{100} = \text{carrying charge.}$$

We now have two definite factors which are the *balance* and the *carrying charge*. We also know that the sum of these two factors must equal the amount to be paid in ten months, which is 30×10 or \$300.

EDITOR'S NOTE: In this article Mr. Stoneman presents a plan for determining the down payment on a contract account so the extended payments, including carrying charge, may be equal amounts.

He applies an entirely new method and this article should be carefully read by all credit executives.

Hence, we now have this equation:

$$500 - X + \frac{5(500 - X)}{100} = 300 \text{ (see note below)*}$$

From this point the solution is comparatively easy in clearing fractions and simplifying the equation as follows:

$$50,000 - 100X + 2500 - 5X = 30,000$$

Assembling the "X quantities" to one side of the equation and the numbers to the other side, we have:

$$105X = 22,500 \text{ or}$$

$$X = \$214.28 \text{ ans. (down payment)}$$

$$\text{The formula, } \frac{\text{Contract} + \text{Interest} - \text{Deferred Payment}}{1 + \text{Rate}}$$

gives the correct down payment up to the point where the result of the dividend is zero.

*NOTE: The formula given at the beginning of this article is deduced from this algebraic equation.

» » »

How to Reduce Credit Losses

Editor's Note: The following from the bulletin of the Associated Retail Credit Men of Greater New York is such timely and good advice that we reproduce it for the benefit of all members.—D. J. Woodlock.

Is Your Credit Information Up to Date?

Passing on credits today demands up-to-date information. When purchases are made by a customer who has not bought recently, the fact that he may have paid you promptly before does not necessarily make him a good risk.

There have been too many cases lately where customers have revived inactive accounts because their credit has become exhausted with the stores where they have been trading. When you clear inactive accounts through your bureau you receive the benefits of the experiences of other members.

Since you last extended credit to those customers they may have been included in the 67,064 names which members have reported so far in 1932 as being unsatisfactory. They may also have been included in the approximately 60,000 judgments which the Bureau has recorded in its files in a similar period of time.

The actual facts as to the number of derogatory items being placed in the Bureau files every day indicate that you should secure a report on every new account, every inactive account which comes to life again and every case where a large amount of merchandise is ordered and you have not secured a recent report.

Just a little over a month ago a man opened a number of new accounts and the fact that so many applications were made at the same time caused the Bureau to notify each member on record and to make a special investigation. The man had had a few accounts previously which

he had paid promptly. His bank and business references checked up in fairly good shape. He continued to buy and another notice was sent to all the stores. Those stores which had not closed his account on his first notice did so when the second one arrived.

The man ran up approximately \$8,000 worth of bills with members of the Bureau before he was stopped completely. A few days ago we received the customary bankruptcy notice. The evidence leads one to believe that this man deliberately bought as much merchandise as he could without any visible indication of ability or inclination to pay.

One of the credit managers who followed this case very closely has estimated that had it not been for the close cooperation of the credit managers through the Bureau, and the notices that were sent out, that the loss to the merchants would have been in the neighborhood of \$50,000.

Up-to-date ledger information is the one item that will aid you in keeping your credit losses down to a safe minimum. The data is available and if you fail to use it through a surge of economy, you can rest assured that your bad debt losses will increase in exact proportion to your negligence.

» » »

Carr Heads Kiwanis Club

Mr. P. H. Carr, Secretary of the Standard Clothing Company, Minneapolis, and Vice-President of the National Retail Credit Association, has been elected President of the Kiwanis Club of Minneapolis.



Two can live almost as cheaply as one...

\$1 a day more for two persons at Hotel Lexington. For instance, rooms at the minimum rate of \$3 a day for one person, are only \$4 a day for two.

And the Lexington is a new hotel, located in the Grand Central Zone, one block from fashionable Park Avenue.

HOTEL LEXINGTON

In Grand Central Zone, Lexington Ave. at 48th St.

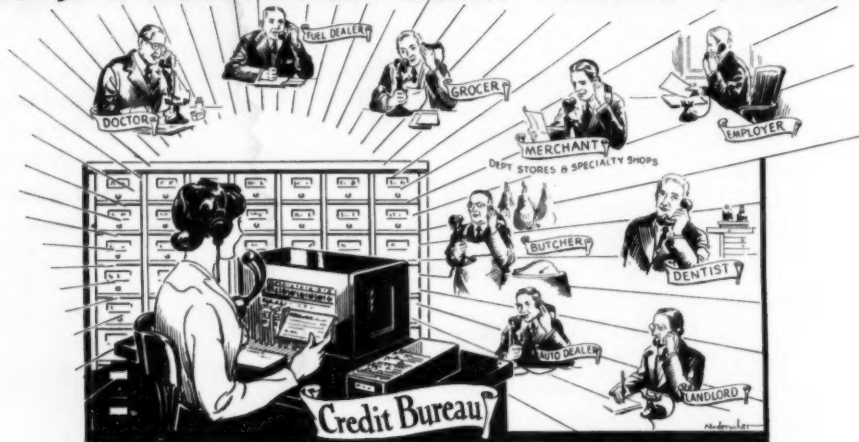
NEW YORK CITY

CHARLES E. ROCHESTER, General Manager

Ready Now!

The New "Pay Promptly" Advertising Campaign

Your Name is in This "Who's Who"



Reproduction above shows headline and illustration of an advertisement planned to create a better understanding of the function and far-reaching effect of the retail credit bureau

The new "Pay Promptly" Advertising Campaign is ready! Advance proofs have been mailed to every local bureau manager.

There are twelve ads in this series, each in two sizes—8 x 12 inches and 6 x 9 inches—making a total of twenty-four ads, enough for a twelve-month campaign if run twice a month.

Can also be furnished in smaller size—4 x 6 inches—if desired.

Planned to fit present-day conditions, it urges prompt payment of accounts as a means of improving business conditions, creates better understanding of credit by explaining its functions and the necessity of adherence to credit terms.

It covers every one of the perplexing problems confronting credit granters today and, in addition, has several ads designed to stimulate charge account sales by an explanation of the advantages of credit.

**See Your Bureau Manager or
write now for complete details**

NATIONAL RETAIL CREDIT ASSOCIATION

1218 Olive Street

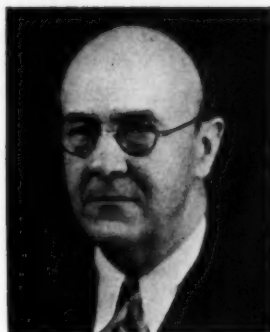
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St. Louis, Missouri

The Credit Man as an Educator

By W. C. MILLER

Credit Manager, Jno. A. Meadors & Sons, Nashville, Tenn.



THIS article may be considered "small town stuff" by some of the high powered credit executives from the big cities, but when one considers the fact that 75 per cent of the readers of *The CREDIT WORLD* live in the smaller cities, with experiences similar to mine, I hope it may be of some help to this 75 per cent majority.

When I say that a credit manager must be an educator, I do not mean that he has to be bald-headed, wear "specs," or use big words, but he must be ever on the alert to spread knowledge about the fundamentals of his profession. He will find his pupils are divided into four classes: first, the credit consumer public; second, his fellow-workers, department heads and salespeople; third, his employers; fourth, himself.

His first efforts should be directed toward the education of the customers. He should educate them to the point that the customers will not think that a credit manager is some great ogre, or inhuman creature, with bloodshot eyes, waiting in his lair to devour and destroy.

Let them know, by personal, friendly contact, that you are humane, kind-hearted and sympathetic, ever willing to listen to their hard luck stories and glad to rejoice with them over some good luck or success.

Our progenitors, the credit men of the stone age, must have been terrors! I shudder when I try to contemplate the horrors that they must have inflicted upon their cus-

Such a dislike can be only the result of an inherited fear or instinct of distrust caused by remote control of our emotions. This attitude on the part of the customer strengthens greatly my belief in the theory of reincarnation!

Since it is estimated that from 95 to 99 per cent of the people are honest and intend to pay, it is simply a matter of education to let them know that you expect them to pay promptly and they will do so.

The logical time to educate or acquaint the customer with credit terms, is when the account is first opened. Our store uses the card reproduced with this article to impress terms upon a new customer. This card is mailed to all new charge customers whether they take the merchandise home with them or whether it is sent out by delivery. They receive this card the following day after the account has been opened.

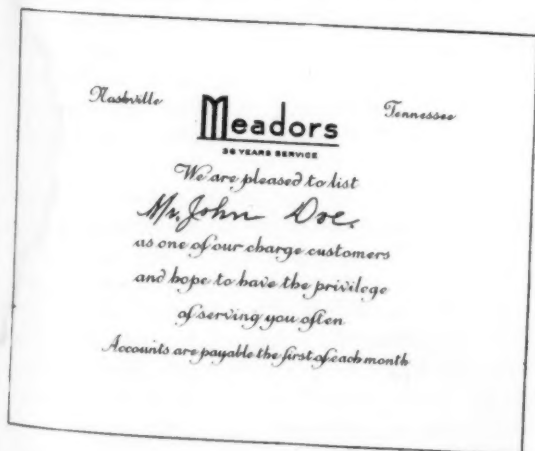
Most of the credit evils that beset the credit manager can be eliminated to a great extent by a well-organized educational campaign. A few years ago the members of the Nashville Retail Credit Association adopted a well-defined credit policy and set about educating the public in regard to it.

This was done through the means of an extensive advertising campaign. First, by mailing out with our monthly statements a series of credit education inserts supplied by the National Retail Credit Association, together with newspaper advertising; later, by leasing a number of billboards at points of advantage all over town, the posters for these billboards also being secured from the National Association. At the same time we kept up our newspaper work.

This has helped—wonderfully—to improve credit conditions in our town. At least, most of our citizens know that they are expected to pay in 30 to 60 days, whether they comply with these terms or not.

The banks and public utilities have so educated their customers to the fact that they are expected to pay on a certain due date, that their collection problems are reduced to a minimum. The public utilities have done this by allowing a discount if bill is paid on or before a certain date. The banks, of course, impress the fact upon a customer that they lend money for 30, 60 and 90 days,

(Continued on page 28.)



tomers in collection efforts, else why should the credit purchasing public of today have acquired such a distaste for interviewing the credit manager?



Are Credit Men Awake to Their Opportunities?

By JAMES M. CLYATT

Credit Manager, J. P. Allen & Co., Atlanta, Ga.

IN DISCUSSING the activities and functions of a credit manager, as we all have observed from lectures and discourses in the various trade journals, the trend of thought seems to be limited to the narrow sphere of the simple proceedings (well known to all of us) incident to accepting or rejecting applications for charge accounts. Usually this procedure is followed in detail on through to the culmination of collecting the bills through the office or placing them out for collection through an attorney.

The responsibility of properly interviewing the applicant, as well as supervising the adopted system of follow-up collections, to be sure, rests on the shoulders of the credit manager. On him, and him alone, this responsibility should rest. But not to the extent of burdening the credit man personally with a lot of details that could well be passed on to other hands, thereby affording him an opportunity to develop credit and collection policies and do research work that should not be entrusted to anyone else.

And allow me to say right here in this connection, that in my opinion there is not one of the functions of the credit man, at any time, that offers greater opportunities for real salesmanship, and good-will building for the entire store, than this first customer's interview.

And I might say that in most cases this is the only personal interview the credit manager will ever have with the customer, so this is our one opportunity to sell the customer on the virtues, of not only our own department, but the various departments throughout the store. Remember, that the first impression is the lasting impression, and that the applicant is likely to judge the service of the entire store by the reception and interest accorded on this first interview.

It is not best in my opinion to hurriedly propound a few rapid-fire questions in succession to applicants as though our time was too valuable to waste in such a manner and appear as though we were in a hurry to dismiss them. Remember that the customer often has a store of information and knowledge that is of much credit value to us if we only know how to go about getting it.

If we will try and make it convenient not to be so engrossed in the detail operation of our office, and take just a moment, it can be done (easily in most cases) by inquiring how business is in their line or in some other

way engaging the customer in conversation. And, if tactfully done, the customer will disclose a vast amount of information of credit value not obtainable through the credit bureau or any other source, and will give a much clearer picture of the credit responsibility.

This procedure will be found to break down the conventional routine and place the applicant in a free and easy state of mind, by this display of interest on our part in the things that the customer is most interested in. Remember always that this should be done diplomatically and without the earmarks of inquisitiveness on our part.

I wonder if it would not be wise and profitable for us to stop for a moment some time and take inventory of ourselves and see if we receive our customers in the proper manner when presented to us by the members of the sales department. Or when they call on us on their own initiative, do we receive them in the same courteous way that we would receive them as guests in our own home?

Surely they are entitled to our undivided time and consideration. But aren't we all careless and neglectful to some extent at least in this phase of our service to our customers, remembering that it is through the eyes of the credit department, on that first visit, that the good will and favor of the customer is builded for the entire store. And we should capitalize on this opportunity to impress upon the customer that our store and its facilities, both physical and personal, are at their disposal, and that we welcome their comments and suggestions that we might be able thereby to render even a better service.

It might not be amiss to assume that the credit man and his department should among other things, function as a public relations department. Surely no other department of the store is looked to by the customer as offering a solution to all of their problems, from advice on divorce and alimony proceedings to the eradication of the boll weevil, to the extent that we are! So we might as well try to live up to their expectations and make the best of it, for our own good.

I am not unmindful of the fact that this personal interview with the credit manager is not a practical one with some of the larger stores due to the volume, but this does not discount its value any, and it should be

delegated to capable assistants who have the understanding of the importance of a proper interview.

Now, leaving the elementary detail of credits and collections, let's discuss for a moment

Credit Management as a Profession

If credit management is a profession as is so often claimed from our convention platforms, and a profession which can come to be recognized as a constructive force in both our economic and social life, by what standards do we recognize it as a profession?

What is our code of ethics? What uniform action are we taking toward upholding the standards, or crystallizing, I might say, some practical and uniform credit and collection standards that would best fill the demands and requirements of the preponderance of our clientele?

Such plans, if worked out on an acceptable basis by your local associations and put into effect will among other things aid considerably in eliminating the competitive element in our credit and collection policies.

Admittedly, the greatest opportunity ever offered the credit man is at hand. It is generally conceded that the unwise extension of credit contributed largely toward the depression, and on the other hand most of the steps taken so far toward the restoration of prosperity have been through the use of credit instruments—illustrating the extreme flexibility of our credit system.

Yet with all of this store of facts and information are we awake and conscious of the fact that this will avail us nothing unless we do something toward capitalizing the opportunities at hand.

Are we doing anything toward establishing a *Community Credit Policy*? Are we doing what we can toward standardizing credit and collection policies in our own localities? Have we arranged uniform dates for closing books?

Have we analyzed our list of charge customers to determine the potential buying power? By this I mean what percentage have annual incomes of \$1,000, \$3,000, \$7,000, etc. Are our outstanding accounts receivable in excess of what they should be on the basis of our monthly charge sales?

These are a few very important things confronting the credit man that are too often overlooked or deferred too long, due to the burden of detail since most departments are operating on short force.

Is your Accounts Receivable *turnover* satisfactory or on a par with that enjoyed by your competitors? Do you keep in close touch with the tax situation in your section, especially new and contemplated enactments? Do you know how this tax burden may affect the paying ability of your customers?

Another very timely and important economic situation affecting those of us who sell in a substantial way to the teachers of the various schools and colleges in our own and adjoining states, is the deplorable fact that the school boards have been late (anywhere from one to six months) in paying their teachers. In some states

warrants are issued by the state board of education and passed on to the teachers, but are not generally accepted as negotiable, since they bear no definite date of maturity, usually maturing "if and when funds are available."

Such facts as these have a very definite value in determining whether an account under such conditions could be handled in a profitable way. On the other hand, it might give us an opportunity to test the flexibility of our credit terms.

» » »

A New Retailing Counseling Service for Wisconsin Merchants

The small store merchant, the lifeblood of business in the average small town, is offered a new advisory service looking to better retailing and profit-making policies, under a plan now in effect, through the University of Wisconsin Extension division at Madison. The extension bureau of business information, H. R. English, chief, announces a personal counseling service which is available to small store retailers in any Wisconsin locality.

The service is given individually by Richard E. Ellingwood, who has had 15 years' experience in working with retail stores and in conducting classes and conferences on better retailing throughout Wisconsin.

The plan announced by the Extension division provides that Mr. Ellingwood will make a personal survey of the store's methods and financial condition and offer a definite plan by which the store manager can operate to make his store profitable.

The scope of the service, as outlined by the bureau, covers the survey of the store, its physical layout, its advertising and credit problems, sales promotion efforts, and analysis of the profit and loss records, with the object of disclosing why the store is not making satisfactory profits and pointing the way out.

Based on the survey and interviews, a detailed report, making definite suggestions for improvements, will be submitted to the merchant.

THE SECRETARY'S HANDBOOK

A Manual of Correct Usage by

SARAH A. TAINTOR and KATE M. MONRO

Do you always know—

Whether or not to capitalize a word? How to divide a word correctly? When to use a comma or a semicolon? How to punctuate a sentence? How to write correct letters on all the various matters of business; letters of introduction; social notes, formal and informal?

You will find everything about correspondence, business or social, in this new book

Price, \$3.50—Order from

National Retail Credit Association
1218 Olive St. — St. Louis, Mo.

Do You Know Everyone in Town?

By HAROLD J. FOX

President, Atlantic City Credit Rating Service, Inc., Atlantic City, N. J.

IF YOU live and work and have your being in a town of fewer than 15,000 people, the chances are that you "know everyone in town." Most of them you may know in only an offhand way, but you do know nearly everyone by sight. You see them in church, at lodge, at the movies. They live near you. You have mutual friends.

On the basis of these casual contacts, you are expected to invest all of your capital and a lot of someone else's. These people expect you to extend credit without a second's hesitation, and to wait an eternity for your money.

When Joe comes in to buy a gun on credit because deer season begins next week, you are sure you will hurt his feelings, risk his friendship and possibly lose a sale if you ask him any questions about his intention to pay. Having known him all your life, you would certainly be openly insulting him to call some other merchants or to call the credit bureau to find out how he pays.

It is wonderful for a retailer, as a salesman, to know everyone in town. It is the secret of his success. As a credit manager, it can be his greatest weakness. The matter of credits is a touchy topic. It is hard for a friend to open the subject and discuss it frankly and impersonally.

Joe may be slow as molasses with you, yet he goes up to the city, opens an account in an impersonal and businesslike manner, and pays it when it is due. The credit manager in the big store asks Joe questions you wouldn't dream of asking, and Joe never turns a hair.

Forty-five days later, the account is a bit overdue. The credit manager, still smiling and courteous, becomes a bit firm and gets results with an ease that makes your hair curl. You know that collection pressure on your part would bring ugly words from Joe and drive him from your store forever.

Being a friend, he puts a personal slant on your honest collection effort. He decides you have a grudge against him. Since you can't afford to irritate him, his cousin Tom being your best customer, you let him stall along and pay you just about when he gets good and ready.

When your business begins to suffer with acute congestion of the receivables, you decide to go on a cash basis. You try to make yourself believe it will be a great thing for you because Mr. Woolworth made such a success of it.

You tell your patrons you will be able to buy so much cheaper, that prices will go away down, and you

hope they will believe that. You tell yourself that everyone comes to your store because of your nice personality, and not because the charge account is a convenient thing.

So there we have the problem. How can we do a credit business with our friends? How can we keep the priceless sales asset of intimate friendship, and still make them pay on time?

There is an easy answer. The only thing hard about it is that you can't do it all by yourself; you must get the other fellows to work with you. That may be easier than it looks, because they are all in the same boat.

You decide the secret of the success of the big store is the presence of the credit manager. The store proprietor can be friendly with every rascally customer, and blithely pass the buck to the credit manager. You also observe that while sales managers are busy cutting each others' throats, credit managers are working together under a flag of truce.

So you get all the merchants together and hire a credit manager for the town. Instead of each having his own, the entire town has one, which works just as well and is a great deal cheaper.

The credit manager opens his office, which he calls the credit bureau. He works out three rules, and you agree to follow them to the letter. They are a nuisance, and you are often to be heard grumbling about it. Still, the rules are provided for your own good, so you follow them carefully.

RULE ONE.—When Joe comes in to buy a gun, you have to tell him that this new credit bureau, "consarn it to tunket," makes you get a credit application filled out by everyone. Yep, even your own brother. You know it is unnecessary in his case (you tell him) but what is a fellow going to do? You must obey the rules or you'll be suspended and ostracized by every business and professional man in town.

So he has to fill out the blank. It asks him all the fresh questions you wouldn't have the nerve to put into words. It asks his name, wife's name, address, former address, age, employment, income, property owned, bank and references. Even if you already know all these things about him, have him fill out the blank. It tells all about the standard credit terms that are in force in the community. It mentions the credit bureau and of course it gets across the idea that the blank is just a matter of routine.

RULE TWO.—The second rule (tough, isn't it, old man!) requires you to call the credit bureau before the gun goes out of the store. This, too, you must be sure to tell him is standard practice. The secret of the whole

operation lies in putting across this "standard practice" idea. This is what brings you to the level of the impersonal credit manager we heard about a few minutes ago. Joe must get the idea that this is a necessary evil that all merchants everywhere have to put up with. If all the merchants in your town don't do so, it is part of your job to see that they follow the rules just as carefully as you do.

Now comes the beautiful part. Joe is no good for credit, and you knew it all the time (maybe) and were wondering how in tunket you could refuse him when Nellie and the Missus were such good friends and all.

The credit bureau says you may not sell him on credit!!! Tell him so. Blame it on the bureau! "Joe, old man, there must be some mistake. Suppose you hike right over there to the credit bureau and see what in the world is the matter." You are now his ally. He gets the impression you are conspiring with him. He likes that.

The manager of the bureau, if he is a good one, and he probably is, will soon set Joe straight. If there is a past-due bill in the way, they will arrange to have it paid. This is a good thing. It helps clean up the old accounts. Next person who gets sent to the credit office will probably owe you money, so it works both ways.

No matter how it turns out, it is clear to Joe that you are not to blame. You did all you could to help him. There is a fifty-fifty chance that he will come back and buy for cash, rather than expose his story to some other merchant.

This is passing the buck, and it is one of the very, very rare cases where passing the buck is a good thing for every one of the parties concerned.

But suppose Joe's account is approved, and he gets the gun. Suppose a couple of months roll by, and he doesn't pay. Under your old system, you are in a jam again. Under the new, you turn to Rule Three for salvation.

RULE THREE.—Report all Delinquent Accounts. Your Credit Association has agreed upon standard terms of payment. You have decided that after sixty days, an

account is seriously delinquent, and reportable. So after fifty-five days, you get busy, as provided by the system.

You send Joe a statement, and with it a printed notice which announces that in five days an auditor from the credit bureau will go over your accounts. Those unpaid at that time will be listed by the auditor and filed permanently in the credit bureau. You are helpless; that is the rule.

Again Joe recognizes that you would help him if you could. He remembers how painstakingly you had to follow Rule One and Rule Two. He reasons you will have to follow Rule Three just as literally. Also, he knows that most of the other merchants are taking the three rules just as seriously, so that he simply can't afford to have a black mark on his record.

You have an effective collection weapon. The wonderful part of it is that it will not hurt your friendship a bit. It has really strengthened you with Joe while you were collecting your money.

This plan is strong in the towns where it exists. It is strong because the participants make it a matter of routine. Joe is not allowed to believe that while you call the bureau in his case, there are other cases where you do not do so. The three rules work because they are never broken.

You have neatly sidestepped the credit worry, which is the biggest worry of the small town merchant. You are now safe in resuming your ancient and delightful habit of knowing everyone in town. Use your friendships to build sales, not to extend loose credit. "Kisses," says Mr. Shakespeare, "go by favor, not by merit."

» » »

Texas Doctors' Association Meets at Dallas

D. J. Woodlock recently addressed a meeting of about four hundred doctors at Dallas, Texas, on the subject of "Medical Credit" and received a wonderful reaction from both the doctors and press. This indicates that doctors are becoming credit minded, which is only another step forward in a Community Credit Policy.—(See Dallas News' editorial, reprinted on page 32.)

"Having never gone in very much for pictures of myself," writes Mr. Fox, author of the article above, "I am taking the liberty of sending you a picture of my family, known as the Associated Credit Reporting Agencies of New Jersey."

"Left to right—Standing: Warren S. Davies, Trenton; J. Axe Miller, Wildwood; William R. Callaway, Newark; A. R. Adelmann, Plainfield; Carl Lutz, Burlington; Charles G. Weber, Newark."

"Sitting—Guest Thomas L. Huselton, Atlantic City; Guest A. R. Kulze, Washington (perhaps those initials are wrong); Harold J. Fox, Atlantic City; Arthur E. Uffert, Elizabeth; V. E. Carlough, Paterson; J. William Pennell, Camden. And in the background is the Atlantic Ocean."





Credit Problems of the Physician

By THELMA OSBORNE

Secretary to Dr. John G. Missildine, Wichita, Kansas

IT IS A well-known fact that few members of the medical profession enforce collections systematically and so long as this condition exists, the credit problems of the physician will assume large proportions.

There has been a great deal of talk of "ethics" in connection with professional credits. The physician, in the past, believing his profession to be akin to that of the ministry, felt it unethical to ask for money.

As a result of such an attitude, physicians' accounts have been sometimes lightly regarded by debtors. "Pay the doctor last" has expressed the general attitude. Many physicians are now awakening to a realization of the need for a change in this regard. Surely the credit bureaus can do much toward effecting such a change.

To date there has been a sharp line drawn between retail and professional accounts. The physician can no more afford unsafe credit extension than can retailers or bankers. His time, his ability and knowledge are his only tangible realization on his investment and he must, in order to insure his financial security, effect collections sanely and competently.

I believe the time will come when the physician will take his place along with the merchant in credit work. Perhaps, as our National President, Mr. Lovett, has suggested, courses in credit work will eventually be added to the training required of the medical student, and will help to bring this about.

Let us consider the existing conditions:

We who are associated with the profession are told by other credit granters that professional credits are not different from other credits; that the difference lies only in the attitude of our employers. This, in a measure, is true. The difference does lie, chiefly, in the attitude of the professional men.

However, this very outlook, brought about as it has been by tradition and circumstance, extends to the patient and is largely responsible for the difference which unquestionably exists. Of course other conditions contribute to this situation. Dr. Haggard, of Yale University, in his book entitled *Devils, Drugs and Doctors*, makes this statement: "Medicine arose from religion; fortunately it has retained in its principles some of the religious virtue of sacrificing self to the suffering of others, a course that must seem most impracticable to many men of commerce."

The emergency case must be cared for without thought of the patient's ability to pay, which is in accordance with true professional spirit. The doctor would be severely and justly criticized if he held up treatment of a patient in need of help, pending approval of his credit report. However, the physician should investigate the patient's credit rating, in order to have—at an early date—an understanding with the patient concerning settlement, and to enable him to classify the account.

Illnesses are usually unexpected, so that in many cases no financial provision has been made by the debtor for such emergencies. The bill, therefore, is considered hard to pay because of the very nature of it. Nevertheless, it is true that if the physician took a different attitude, the public might become educated to the fact that the professional account must be paid as promptly as any other.

This could be accomplished in a comparatively short time, if all physicians made such a change *at the same time*. But so long as the physician who enforces collections systematically is the exception and not the rule, the problem will indeed assume large proportions.

The doctor must come to an understanding of his credit needs, that he will see the need for cooperation with other credit people, and it is to the interest of all members of the credit association to bring this about.

Conditions which exist in the average physician's office are, to the person well versed in correct credit procedure, almost unbelievable. I have made a study of these conditions and propose to tell you a little of what I have found, in the hope that a better understanding will help in correcting them.

One physician has a very large number of accounts, the majority of which are inactive. Each month his secretary sends out hundreds of statements. She is not permitted to give the inactive accounts to a collector because "the Doctor" does not approve of it. So many of his patients are his friends and it offends them, so he seldom turns an account over for collection, and never until he has held it for many, many months. (I happen to know that when he *does* turn over an account for collection, he expects *immediate results*!)

Of course it is needless to say that sending out statements on such a tremendous number of accounts is very foolish, resulting in loss of time and money, and failure to turn accounts over to the collection department of the

credit bureau promptly only results in decreasing the chances for effecting collection at all. It is evident that the inefficiency of this office is largely due to the attitude of the physician.

It is also due to the fact that he has inefficient help. He pays for cheap help and that is just what he gets! His secretary has no understanding of credit work, and very little interest in it. A well-trained, efficient secretary could, with proper cooperation, greatly increase the earnings of that office.

A young physician told me one day, "I'd like to hire a really good, efficient secretary, but I can't afford it. I only have to pay the girl I have \$10.00 per week, and I'll have to get along with cheap help until I'm earning more." The stack of past due accounts in that physician's office is amazing, yet he apparently does not realize that an efficient worker, using proper procedure with accounts, could easily make up the difference in salary on collections.

One more example: A certain physician bills his patients several times. If there is no response he simply holds the account in his files. He does not turn a single account over to the credit bureau, because he doesn't believe in it. He has inefficient help to start with, and his percentage of collections is very low. He holds accounts in his file until they are outlawed, then files them away as the deadwood they are. This physician does not think it is "good ethics" to ask for money.

It is the job of all credit people to do all in their power to change this attitude. Of course not all physicians have so little regard for the importance of attention to credits, but too many of them are like the men of whom I have just spoken.

The system employed in the office in which I have charge of collections is not perfect, but I have been asked to tell you about it:

We first obtain as complete information as possible concerning every patient applying for credit. Following that, a report from the credit bureau is essential. Upon studying the report we decide upon the correct procedure. Unless the report is flawless, we try always to have a definite understanding with the patient in regard to settlement. As nearly as possible in such cases, we try to keep the patient paying *during the time he is being treated*.

When the treatment is completed, if there is a balance due, the statement is sent. If there is no response during the first month—unless the patient's credit rating is unquestionable—a note is added to the second statement, or a phone call is used when possible. If there is no response during the first fifteen days of the second month a letter follows, reminding the patient of the obligation and requesting some word in regard to settlement.

If, by the first of the third month there is no response, pressure is brought to bear. We investigate the patient's ability to pay and attempt to determine whether we should try to enforce collection, or extend the time.

(Continued on page 26.)

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Charging Interest on Past Due Accounts— Salt Lake City's Policy

By RAY H. BUTLER

Manager Associated Merchants, Incorporated, Salt Lake City, Utah

IN VIEW of the increasing proportion of retail business being done on credit and the correspondingly large investment in open accounts being carried by retailers, some of our leading merchants are giving serious consideration to the cost of handling delinquent accounts.

Despite the fact that goods are generally priced to sell on a cash basis, liberal credit policies have been adopted by many types of retail establishments throughout the country. Too frequently, though, the credit privilege is abused by customers who sometimes, either out of necessity or through neglect, allow their accounts to run on unpaid for periods of several months.

When credit accounts are paid promptly, i.e., by the tenth of the month following the date of purchase, the retailer has lost, in interest, approximately one-half of one per cent of the sale in addition to the expense of operating the credit department. When accounts are allowed to run on for several months, however, the cost of carrying them often exceeds whatever profit would otherwise have been made on the transaction.

Realizing that Salt Lake City merchants were losing thousands of dollars annually in interest charges on money borrowed to carry delinquent credit accounts, a plan was devised by the Merchants' Association which has the twofold purpose of encouraging prompt payment of accounts and passing the cost of carrying delinquent accounts on to the customers responsible for them.

Details of the plan as adopted by a group of twelve Salt Lake City merchants follow:

1. All accounts shall be due upon receipt of statements and should be paid by the tenth of the month following date of purchase. After that date they shall be delinquent and if not paid on or before the end of the second month following purchase a carrying charge of one-half of one per cent per month shall be added to the account until paid in full.
2. A minimum charge of ten cents shall be made on accounts when the interest charge amounts to less than ten cents.
3. If a customer refuses to pay the interest charge, pays for purchases made, and discontinues using her charge account, the interest shall remain on the account sixty days and then be written off. When the account is active and the interest charge remains unpaid the charge shall remain on the ledger until paid.

4. Interest charges may be posted any time after the first of the month. All payments by the customer shall be credited up to the date of posting the interest charge.
5. The policy shall be explained to all new customers opening accounts and the stores shall have printed or stamped on the application forms the following: "I agree to pay a carrying charge of one-half of one ($\frac{1}{2}$ of 1%) per cent per month on any account that may be past due, it being understood by me that all accounts become delinquent after the tenth of the month following purchase."
6. Charging interest on employee accounts shall be left to the discretion of the individual store.
7. A firm stand shall be taken regarding complaints. A courteous explanation shall be given the customer of the reasons and justice of a carrying charge on accounts that are not paid promptly and only in the most extreme cases shall the interest charge be waived.
8. Each store shall have posted at the cashiers' windows a sign reading, "Interest charged on delinquent accounts."

This policy was adopted April 26, 1932, and the following notice was sent out with all statements covering April accounts in each store:

PLEASE NOTE:

We want you to know that we appreciate having your name as one of our charge accounts. As you are aware, regular charge accounts are arranged to give special service and convenience to our customers, enabling them to pay in one sum on or before the tenth of each month for the purchases made during the previous month.

Because all merchandise in our store is priced on a cash basis, we and many other stores have adopted the policy of adding a charge of one-half of one per cent per month on any balance more than sixty (60) days old, to cover the extra cost of carrying the account.

If the portion of your account, which is now past due is paid before the fifteenth of this month, you will save the carrying charge required after that date.

In fairness to our thousands of cash and charge customers who pay their accounts regularly within thirty days, we are quite sure you will recognize the advisability of adopting this policy.

Your valued patronage is appreciated and we earnestly solicit your further co-operation in this matter.

(Signed by twelve stores which adopted the policy.)

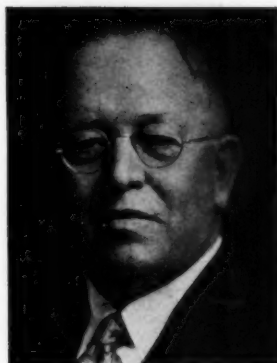
As is shown by the foregoing notice, customers were given a period of fifteen days' grace before the interest charge was posted and then all accounts over sixty days

(Continued on page 29.)

THE PRESIDENT'S MESSAGE

ARTHUR P. LOVETT

President National Retail Credit Association



LITERALLY speaking, the firesides of this Nation have for months past been afire with patriotic interest in the political and economic issues which were at stake.

The kindling of this fire of individual interest has done much toward bringing about a better understanding of interrelation of interests as the welfare of this Nation affects each and every one of us.

The bitterness of political strife apparently has been swallowed up in that more important issue—the *welfare of our country*.

Individuals everywhere are now looking forward with renewed hope, renewed energy and renewed faith in the ability of our new governmental leaders to guide this Nation back to a point where gainful occupations may be had by all and to the time when the wheels of industry and commerce will spell forward progress.

As a nation we seem to have shaken that "can't be bothered" attitude and replaced it with unprecedented interest in the affairs of this country as a whole, which is a good sign of a turning point.

The duty of credit managers of this country is as plain as it is important. We have first to line up solidly behind our Government with its new administrative leaders and pledge our unending support to them.

Retail credit has played, and will always continue to play, a very interesting and vital part in our economic welfare. Today there is facing the credit granters of this Nation a condition which will have much to do with restoring faith in our country.

I speak of the necessary function of restoring to good grace and good credit standing those persons who, caught in the midst of the depression have been without funds or ability to pay honest and just debts. If we elect, as we should, to treat these worthy cases with due kindness and con-

sideration we will receive in return that good will and faith which identifies worthy citizens.

We must not press too hard our debtors of this class; rather we should adopt a policy of kindly interest in their personal endeavors to regain a good credit standing. As we handle these cases, so will we be judged by those to whom we wish to sell our merchandise in the future.

Just as surely as we eventually hit the upward trail in national progress we will find case after case where individual attention on the part of the credit manager will save for this Nation a good citizen and a good credit customer of the future.

As a whole, the American public has conducted itself with glory through these trying times. They have made quick adjustment of their personal expenditures in line with their incomes and in the main have managed to preserve their credit standings with a stoical self-determination that smacks of the inherited "do or die" spirit of our pioneer fathers.

Surely this quality of American manhood and womanhood has given the credit managers of this country renewed faith in our people. The people of this Nation made it what it is and they alone will restore it to its rightful place in the sun.

Let's, therefore, encourage at every turn this spirit which makes for success. Let's not be too hasty to put the "yoke" of "financial burden" on the backs of those who must learn to walk again. Instead, let's exercise the keenest judgment and foresight at our command in both the extension of credit and the collection of our accounts. Let's bring our Community Credit Policy to light and "keep it burning." Let's extend credit to those whose records are now clear and whose future prospects are, perhaps, for the better.

Let's preach the value of credit. Let's take faith in our country and go to work as we have never worked before.



WASHINGTON BULLETIN



R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association

FOREWORD

PASSAGE of H.R. 10247, relieving the Post Office Department from making refunds on registered mail matter for non-delivery when not caused by the fault of the Department has recalled to the attention of retail credit granters the passage of H.R. 8649, providing for return address as well as the signature on registered mail matter. This bill was passed over the opposition of postal officials and to date has not proved as remunerative to the government as was expected.

Under the circumstances the Legislative Committee did not feel it wise to oppose the passage of the former bill having been advised that such opposition might lead to repeal of the basic measure. The passage of H. R. 10247 re-enacted H.R. 8649. The latter measure was somewhat in the nature of an experiment but its permanence is now more or less assured.

Washington counsel of the National Retail Credit Association has, however, been engaged for some months in an effort to insure maximum effort on the part of mail carriers to deliver all such registered mail matter at the address upon the envelope and this work has culminated in the issuance of an order by Third Assistant Postmaster General Tilton under date of October 20, 1932, as follows:

It has been represented to the Department that sufficient effort is not always made by carriers to effect the delivery of registered mail in that at times the registered matter is taken out but once in an effort to effect its delivery.

In this connection the careful attention of postmasters and carriers is directed to the requirements of section 1046 of the Postal Laws and Regulations of 1924 as follows:

"Sec. 1046. Carriers shall endeavor to deliver registered mail on the first trip after it is prepared for delivery, unless the addressee has given orders to the contrary, and shall make as many efforts each day to deliver such mail as their trips will permit, unless it clearly appears after any trip that delivery by them is impossible.

"2. After each unsuccessful trial the carrier shall write in pencil, on the left end or back of the letter or parcel, the reason for nondelivery, and sign it with his initials and number and leave a notice (Form 3849) at the addressee's residence, place of business, or mail box."

Postmasters are requested to see that the provisions of section 1046 of the Postal Laws and Regulations are strictly observed.

(Signed) F. A. TILTON,
GWP:MRS Third Assistant Postmaster General.

Legislative

(a) The short session of Congress, only three months long, may pass more legislation than ordinarily is the case. Senator Reed of Pennsylvania is on record this month as saying that new tax legislation is imperative, due to the failure of the special legislation passed at the last session to pan out as much in the way of revenue as was expected.

He also believes there will be legislation of some sort modifying the Volstead Act.

(b) Representative Rayburn of Texas, chairman of the House Interstate and Foreign Commerce Committee, expresses the belief that the short session will also revise the Transportation Act regulating those forms of transportation agencies competing with railroads.

Representative Rayburn also favors the repeal of the recapture clause of the present Transportation Act, discussion of which has heretofore been had in this column. He also calls attention to the fact that the bill to regulate railroad holding companies has been favorably reported and is now on the calendar waiting action. It is his expectation that this bill will pass at the coming short session.

(c) The Ohio Legislature, at its recent special session, passed an act (which had been approved by the governor) somewhat in the nature of an innovation in state legislation. The act provides for the incorporation of limited dividend housing companies so as to qualify under the provisions of the Reconstruction Finance Corporation Act authorizing the loaning of funds for slum elimination.

The Ohio Act limits the dividends of such companies to six per cent and establishes a board to regulate their operation. The board is composed of three state officials with four others to be appointed by the governor.

Departmental

(a) The Department of Commerce released as of November 7, a study of the causes of commercial bankruptcies, made by Professor Douglas of Yale University, and Dr. Plummer of the Department of Commerce. This particular survey includes 564 bankrupts in the city

of Boston but of that number only 5 per cent used credit bureaus.

Mention is made of the total loss for the twelve-year period ending June 30, 1931, as shown by the Attorney General's report, reaching the enormous figure of \$7,223,727,656. While the survey has no direct bearing on the bankruptcy problems of the retailer as to his sales upon credit to the individual still some of the pertinent comments as to what bankruptcy spells for a community outside of the losses to the creditors are interesting.

Some of these indirect results which bear heavily on a community are as follows:

Loss of respect for private contract rights.

Discontinuance of a business involving a keen hardship on its employees by forcing them out of employment and reducing their purchasing power.

Many wage earners have invested in the failed enterprise a portion of their savings, which they lose in addition to their positions.

Competitors of the failed establishments are sometimes forced to the wall by bankrupt sales of the assets of a failed concern.

Difficulty of employees of bankrupt concerns finding good connections with other concerns.

And, finally, communities in which failures occur being forced to provide food and shelter for those unable to secure employment or assistance, thereby decreasing the total income of the community and adversely affecting the collective prosperity of its inhabitants.

Summarized, the report notes a fact that many opponents of bankruptcy reform fail to recognize, viz.: that, "all failures involve losses which, in the final analysis, are borne by the public."

(b) A report entitled "Merchandising in City Drug Stores," released October 18 by the U. S. Department of Commerce, reveals that 61.2 per cent of the druggists extended credit to customers. Of all the merchandise sold, 6.2 per cent was sold on a credit basis, but the average for only those extending credit to customers was found to be 10.1 per cent.

A greater percentage of large stores were found to extend credit than was true of small stores. Of the merchandise sold by stores extending credit which had less than \$30,000 annual sales volume, 8.3 per cent was sold on a credit basis, while for such stores with more than \$30,000 annual sales volume, 14.7 per cent was sold on credit.

Court Decisions

(a) The Supreme Court, on October 10, refused to review a decision of the United States Circuit Court of Appeals for the Fifth Circuit which court had held that the surety upon a bond given to insure deposits in a state bank was not a preferred claim payable out of the assets of the insolvent state bank.

The District Court ruled that payment by the surety company on its bond entitled it to priority payment on the theory that it was a debt due the United States and, therefore, entitled to such priority.

(b) In *Pobreslo vs. Boyd Company*, the Supreme Court of the United States, has decided to entertain a petition for a review of a decision of the Wisconsin Supreme Court invoking the bankruptcy act.

The bankruptcy question presented is a most interesting one. Wisconsin has an assignment law under which provision is made for the distribution of the assets of an insolvent debtor but this act has no discharge provision. The Wisconsin Supreme Court held that due to this fact this assignment act is not suspended by the Federal Bankruptcy Act.

The appellant in this case, however, has taken the contrary position and the Supreme Court is thus asked to determine whether a state assignment statute which does not contain a discharge provision is an assignment, which may be availed of by creditors of an insolvent debtor as an act of bankruptcy. It will be recalled that section 3 of the present bankruptcy act enumerates six acts of bankruptcy and that the fifth of these acts is "made a general assignment for the benefit of his creditors."

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Psychology for Credit Men— The Matter of Relative Intelligence

By H. PAUL KEGLEY

PSYCHOLOGY has been called, and perhaps properly so, "the baby science." To some this serves as a suggestion to await the final developments of the science, but to others it serves as a challenge to seek and use the present knowledge. To the latter this article is respectfully addressed.

We all know that each science is continually making contributions and man cannot afford to wait for the final developments in any branch of scientific development. History shows that such a *status quo* never exists for any length of time without resulting in retrogression or stagnation. Do we not buy new cars this year knowing full well that there will be improvements incorporated in the models offered in the coming years?

So the psychologist knows that future developments in his field will modify the present knowledge, nevertheless I submit that psychology in its present development has much to offer of value to the progressive credit man. We are dealing in no merchandise or materials. We are dealing exclusively in human values.

Perhaps then more than representatives of any other professions or occupations should we look to psychology for scientific guidance. Each profession has its fundamental sciences. It is due time that credit men make an inquiry as to their underlying science.

Psychology according to its latest definition is the science of human activity, a much broader concept than that presented to us in college a dozen or more years ago, when it was propounded as the science of the soul or of the mind, or even the science of mental phenomena. The older concepts were obviously limited and tended toward mysticism. It will take years to leave behind these preliminary ideas.

From a speculative armchair pastime of the philosophers it has become a recognized and progressive science. William James, perhaps our best-known American psychologist and author of our first great textbook, in his day considered psychology a "nasty little subject." In the space of some forty years since this was uttered, there has been developed a well-defined terminology, methodology, and technology.

Probably the best-known contribution of psychology and one of the best illustrations of the objective trend are the mental tests. Few indeed are those who are not more than passively interested in them.

At the time of the World War these tests were sufficiently developed to be of practical value in the selection of the officers in the American Army and in the assignment of many of the enlisted men to their respective

positions. Over a million seven hundred thousand men were tested. This added many years impetus to the otherwise slow development of these tests. It represents the widest and most random sampling of adult intelligence ever attempted.

The first historical notice of individual differences is that made by Sir Francis Galton, in the Anthropometric (man measuring) Laboratory in England in 1884. This work was extended in this country by J. McKeen Cattell, who is conceded to be one of our greatest living scientists.

As early as 1890 he settled upon the word "tests" as denoting a simple task to be performed by the subjects in the investigation of individual differences. Six years later he published results of tests on about a hundred students covering measures of vital capacity, strength of grip, vision, reaction time, pain, memory, imagery, etc.

At the Columbian Exposition in Chicago, Dr. Joseph Jastrow, a patriarch in American psychology, gave tests to a great many interested visitors for sensory acuity, motor reactions, etc.

The eventual contributor of the scale of mental tests, Alfred Binet of Paris, went through most of all this early research for the criteria of intelligence measuring. However, it was not until 1905 that he published his first scale for this purpose. It is with this manuscript that the history of intelligence tests begin.

In 1908 after three years of refinements and some additions, it was revised, and in 1911, the year of his death, came the last revision from Binet. At about this same slow conservative rate the followers of Binet have carried on and perfected his work, not only in measuring intelligence but many other native mental endowments.

The 1905 scale contained the first specifications of intelligence tests, namely; they must be simple, must not consume a long time, and they must not be pedagogical, that is, involve matter learned in school. This scale contained 30 tests arranged in an increasing order of difficulty. The 1908 Binet Scale as revised was increased to 59 tests, but more important was that they were divided into age groups.

This then is the origin of the "mental age." By way of illustration is found the following from the trial of one William Freeman, colored, charged with having killed four persons unknown to him and without provocation. It was introduced into the trial that "in point of knowledge he was equal to a child of two or three years."

Mental age as a relative term to describe intelligence, even if it is a somewhat rough measure, is valuable in that

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it gives a new tool to civilized society. Human progress is often regarded in terms of the accumulation of tools, and the tool by which we measure human intelligence is perhaps our latest addition. The principal objective of this article is to describe this tool and especially to indicate its applications in credit work.

The major contribution of Binet was taken up in this country in due course. Most prominent in the work of refining, adjusting, and standardizing to our children has been Lewis M. Terman of Stanford University. His revisions date from 1916 with the publication of *The Measurement of Intelligence*. It has overshadowed all previous and subsequent revisions.

Besides the revision Terman has contributed the term "Intelligence Quotient," or "I-Q," which is the brief term for a numerical factor of relative intelligence obtained by dividing the mental age by the known chronological age. For example, if a child is found to have a mental age of 48 months and is known to be 60 months of age, he would have an I-Q of 80. Making allowances for the exceptions this factor remains relatively constant throughout life.

Terman's data show a range of I-Q from 0 to 200 with a distribution according to the Gaussian Curve, or Curve of Normal Biological Probability. By simple illustration, it is "bell" shaped, having very few cases at the extremes but with the greater frequencies about the median which is 100 on the Terman basis.

One of the most interesting discoveries revealed by the tests is that the development of intelligence stops or levels off, in a manner like that of physical growth, which ordinarily ceases in the adolescent period of life. This has come somewhat as a shock as it conflicted with the older ideas of intelligence which however were not based on scientific investigation.

Terman held that 16 years was the basic age for the average adult but since the experiences with testing the American soldiers in the World War this concept has been revised downward to that of an average 13- or 14-year-old child. The following table is the percentage distribution found for the white drafted men. It unquestionably shows the median to be in the 13-year group.

Of especial value is the observation that over 10 per cent were found below 10 years mental age, clearly classifiable as "feeble-minded."

MENTAL AGE	PERCENTAGE OF WHITE DRAFTED MEN	
16 and over	14.5	} 52.7%
15	9.3	
14	13.6	
13	15.3	
12	17.0	} 47.3%
11	12.7	
10	7.6	
9	4.7	
8	3.15	
7	1.75	
6	0.2	
5	0.1	} 10%
4 and under	0.1	
	100.0%	

(From Pintner, "Intelligence Testing," P. 321, 1932 Ed.)

The long and commonly held idea about intelligence was that there were three kinds of human beings in this respect: First, the *genius* who Galton said was one in a thousand; second, the *average man* who could by volition, or will, overcome almost all obstacles by proper industry and application; and last was the "*dumb fellow*," who just could not help it.

The findings of Binet indicated that intelligence is a relative term admitting of fine gradations in a native mental endowment. The intelligence test has passed through the controversial stage and has properly taken its place in science as a salient contribution to civilization.

In an article in the *Scientific Monthly* for February, 1931, Dr. Arland D. Weeks said, "the influence on thinking when this new concept of relative intelligence is generally understood and accepted may rival that of the changes following the acceptances of the theories of evolution and Copernicus." This article appeared also in a condensed form in a subsequent issue of the *Reader's Digest*.

Terman found as a result of giving his revision of the

(Continued on page 32.)

"A short time ago," writes Roy H. Dasant, "the Oregon Building Congress held a parade in Salem to stimulate building. The parade consisted of floats prepared by building material dealers, civic organizations, etc. Here's a picture of the float entered by our local credit association. "In the front seat at the driver's wheel is Mr. John Weisser, credit manager for the Portland General Electric Company. Next to Mr. Weisser is Mr. George W. Averett, president of our association. Back of Mr. Averett is Miss May Seeley, our vice-president, Miss Alice Mathey, one of the credit bureau operators, and Miss Erma Wilcox, secretary of our credit association."



Credit Problems of the Physician

(Continued from page 19.)

In general, the patient who fails to answer correspondence by the third month is not worthy of much consideration, but occasionally we find a patient so embarrassed by his inability to pay that he has failed to communicate with us because of that embarrassment.

When we find a debtor really in need of time in which to meet his obligation, we urge him to sign a note, providing for a reasonable rate of interest. A contract note is also used in many cases where monthly payments are to be made. At the end of the fourth month, having failed in our attempts to effect collection, or to get the debtor to cooperate with us in arranging for settlement, we forward the account to the Collection Department of the Credit Association for collection. By turning the accounts over early we find that collection is facilitated and we realize a much larger percentage.

Of course, in the physician's office, as in the retail office, the credit work must entail careful and thorough management by those in charge. An understanding of the debtor's financial problems and needs is essential, and the Credit Manager must be tactful and intelligent. The above routine, as I have outlined it, must be altered to fit the particular case with which we are dealing. No set rule will work.

A great deal of attention should be given to fees. The physician should be able to determine first what it costs him to take care of his patient, then, having rendered the best service of which he is capable should make a reasonable but adequate charge. The services should be worthy of the fees in all cases, and when they are, the physician can conscientiously enforce collection.

We do a great deal of charity work, but in general, through our knowledge of the patient's credit rating, we do not do it under false impressions. We know that the patient can or cannot pay, and deal with him accordingly. We know something of his financial standing, and are able to adjust his charge of our own free will, without the necessity of the undesirable "adjustment" requested by the patient.

I have observed in the past an extreme intolerance among credit people for the laxness of the physician where credits are concerned. *This is a grave mistake and only arouses the antagonism of members of the profession.* Physicians simply have not been trained along credit lines.

They have not yet realized that by increasing their earnings through proper credit procedure they not only enable financially weak debtors to avoid getting too deeply into debt, tend to eliminate the "dead beat" type of debtor, and help to improve credit conditions generally, but place themselves in a position to give better service, to have splendid equipment, and to

gain more knowledge of their profession. It is impossible for a man to grow professionally unless he grows financially.

It is all very well to enlist the help and interest of the secretaries of physicians. In Wichita we have a Professional Group, which is made up chiefly of the secretaries of physicians and dentists. At our monthly meetings we have discussed many problems in connection with professional credits, with considerable enlightenment resulting. However, before any startling progress can be made the physicians themselves must in some way be educated along credit lines, and must appreciate the results obtainable.

In the August issue of *The CREDIT WORLD* Mr. R. A. Swink outlines a splendid credit procedure for professional men, then says, "Such a procedure as I have suggested is not or should not be difficult to carry out, and yet I doubt if one could get many physicians to do even that much toward solving their credit problems. Their whole mental attitude is opposed to it." I can see plenty of foundation for Mr. Swink's statement, but I believe the gentleman is too pessimistic about the matter.

In other words, I think it is possible for this "mental attitude" to be changed. I have no definite plan for accomplishing it. Certainly the plan of organizing professional groups in every city will do much to help. It seems to me that an approach through the Medical Societies and the American Medical Association can do much toward bringing the desired results.

Surely it would not be impossible to secure the cooperation of these groups in bringing and keeping credit problems and remedies before their members. This sort of thing has been accomplished by the dental men and it is a well-known fact that in general the dentists are managing the credit work in their offices much more systematically and successfully than are the physicians.

Help the physician to see what can be done, when efficient help is installed and correct credit methods are employed, and I believe you will find that he will gladly abide by the cooperative plans set forth by the credit bureaus. Professional accounts will then be placed in their proper status, resulting in a greater wealth of credit information, improvement of credit conditions, and the promotion of the cooperative spirit so essential to progress.

POSITION WANTED

Credit Manager, experienced retail and wholesale. Approximately ten years' experience in accounting, correspondence, office management. Present position five years, desires change. Reliable, trustworthy, ambitious, industrious, bondable. Address Box 113, CREDIT WORLD.

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NOVEMBER

Can Municipalities Use Credit Bureau Service?

By E. J. MacEWAN

Manager, Morris County Credit Bureau, Morristown, N. J.



NOT long ago a certain municipality let a contract running into several hundred thousands of dollars. The bid was awarded to the lowest bidder who complied with all of the provisions of the law; accompanied his bid with a certified check and then put up a bond to cover the job.

While the contractor was getting his equipment on the grounds, several progressive business men who intended to sell supplies to this contractor secured a credit report on him through the local credit bureau. The completed report read in part like this:

Capitalized in 1931 for \$25,000.00; \$5,000.00 paid in capital.

Total of \$65,000.00 worth of equipment shown in assets entirely covered by \$6,000.00 chattel mortgage held by Blank Machinery Co.

Last job taken over by bonding company when one-third completed.

Previous job went into bankruptcy as soon as job was completed.

Three suits amounting to \$7,690.00 pending.

Several accounts amounting to several thousands of dollars were discovered unpaid.

All of this and a lot more in detail. Yet he had complied with the law and had the contract. The merchants didn't sell him.

Running true to form, the bonding company again took over the job. Labor troubles followed, then the municipality had to sue the bonding company and when the original job was finally finished, the municipality had spent about \$50,000.00 over and above the original contract price.

Just as a matter of curiosity, we took the names of the next three lowest bidders and developed a credit report on each of them. All three had been within a range of \$25,000.00 of the lowest bidder. When the reports were completed we discovered that the second lowest bidder bore a fine reputation and records show that the third was fair and the fourth was beyond reproach. Thus, had a credit report been drawn on all bidders and the second bid accepted, the municipality would have saved roughly some \$44,000.00 inasmuch as the second bidder was only about \$6,000.00 higher than the lowest.

Of course, it is presumed that a bonding company will make its own thorough investigation but that is not always the case as indicated by the hundreds of jobs that have been taken over by the bonding companies in the last five years. One experience has taught us that, particularly among the smaller bonding companies, too often it is left entirely to the agent who writes the bond to O.K. it. Often because of political affiliations he must get the bond passed. Accordingly, he neither hears, sees nor thinks evil and—a clean bill of health is issued.

Not long ago we learned of a contractor who had his job taken over by the bonding company. The job was a pretty big one and the bonding company promptly went broke. A check-up revealed that the contractor was the president of the bonding company and his going broke broke the entire chain.

Some contractors can't get along with the labor unions and as a result every job they take is tied up one or more times during its construction. A credit report brings out all of these details.

Twelve hundred credit bureaus, most of which are controlled by the largest merchant taxpayers in the area which they serve, serve every part of the United States and Canada. These bureaus have formed a national organization known as the National Retail Credit Association. Membership in this association is entirely voluntary and is merely for the purpose of enabling each individual bureau to give its members credit reports on any individual or firm in any part of the world.

Recently we sold the officials of a governmental unit, who were taking bids on quite a sizeable job, on the idea of getting credit reports on all of the bidders, who were from all parts of the country. These officials are now convinced that these credit reports that cost them \$35.00 saved them at least \$5,000.00!

One municipality that we know of is making a very widespread use of the local credit bureau. It is drawing credit reports on all taxpayers whose taxes are over one year delinquent. By this resourceful method it has discovered that there are literally hundreds of taxpayers whose only excuse for non-payment is the depression, which has affected them little, if at all. With the information contained in the report thousands of

(Continued on page 30.)

The Credit Man as an Educator

(Continued from page 13.)

and at the expiration of this time a settlement must be made, either by payment in full or renewal.

How often have our customers told us that they could not pay us because they had to take up a note at the bank or pay a note on the home or car? The banks have simply beat us at educating, that is all there is to it. A note signed by the customer with a due date, has become a more important obligation than an open account which was made by merely saying, "Charge it."

The credit managers of Detroit have had great success in reducing the returned goods evil by education. Mr. Walter M. Williams of the Boise Butcher Company, in the September number of *THE CREDIT WORLD*, told us how he has educated his customers to pay promptly by charging interest on past due accounts, and has made them like it.

These two incidents go to prove that education is the answer to most of our credit policies and woes. So, it follows that a public that is educated to, and acquainted with, a definite community credit policy is a desirable prompt-paying public.

This requires the whole-hearted cooperation of all the credit executives in a community. If this kind of cooperation exists, it is easy to adopt and enforce any reasonable credit policy.

When the credit manager begins to educate his fellow-workers in the store, the task is less difficult, but equally important. The main fact that must be impressed upon them is, that you both are working to the same end—that of promoting sales volume. (Volume! What a fascinating word that is!)

The sooner you educate them to the point of understanding that you are working for their interests instead of against them, the better off you will be. I never reject an account without explaining to the salesman just why I do so. For a long time our store has held round table meetings at which merchandising problems are freely discussed. All members of the organization are expected to be present.

When it comes my time to preside over the meeting, I prepare an educational talk on some phase of credit granting or collecting. I show the sales force how they can be of much aid and assistance to the credit department. I also show the sales managers and department heads just how the credit department can, and is, willing to aid them in sales promotion work. We have, by this method, reduced inter-departmental friction to a minimum.

The Cain-Sloan Co., one of our largest department stores, recently installed a cafeteria for the convenience of its employees. They set aside a place for the department heads.

They had no particular object in view at the time but it later developed that this was one of the best moves they ever made, for the simple reason that the various

department heads gather here and get better acquainted with each other and discuss mutual problems. I am reliably informed that many a knotty problem has been threshed out and brought to a successful conclusion around the lunch table.

These casual meetings have given the credit manager, Mr. Hugh Reagan, ample opportunity to educate the various department heads to his point of view, and has been of untold value to the entire organization. The credit manager who fails to educate his fellow-workers, to the point where they will give him their entire confidence and cooperation, has failed in his calling.

The task of educating your employer will require all the tact and diplomacy that you possess. But it is only after you educate him to your importance and value to him that he will show his appreciation through the pay envelope.

The employer must be made to realize that, should he change credit managers, and even though he secured a new one of ability equal to yours, it would be a long time before the new one could function with equal efficiency, because of his unfamiliarity with the customers' accounts, their peculiarities, and eccentricities. He must be made to realize the importance of sending the credit manager to the credit conventions, in order that he may keep abreast of the times and changing conditions in credit technique.

It is just as important for the credit manager to keep pace with improved credit and collection methods as it is for the buyers to attend the style shows and keep up with the latest fads.

Educate the boss to the fact that you are always alert and on the job. Don't think he is not interested in your work. It is due him to keep him posted concerning the way your office is functioning. You are doing both yourself and him an injustice when you fail to let him know when you have done a particularly good piece of work and saved him loss thereby. Don't brag about yourself, just state the plain facts to him and he will be interested.

Go to him when you have an unusual decision to make. Remember, it is his money you are lending in the form of merchandise. Teach the boss that you are more than a head bookkeeper, whose sole duty it is to keep down the P and L.

Prove to him that your department is one of the most productive in the organization. Show him its possibilities in sales promotion work. But have a good foundation to stand on before you go to him with such a proposition.

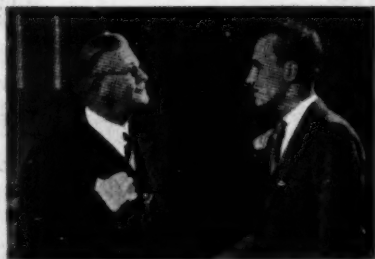
Now comes the "freshman class," or the credit manager himself, in person. The credit manager who thinks he knows it all is treading on thin ice, and is due for a great fall. This is the class in your school where you will have to exercise stern disciplinary methods, and you will probably be the "bad boy" of the class and require the most punishment.

Educate yourself to the point where you can talk to the most contrary and refractory customer without showing the least annoyance, impatience or anger. Constantly keep in mind the fact that you represent the firm and any unfavorable impression you make, will react unfavorably upon the store.

Educate yourself in the art of tactfully interviewing a customer, so that you may obtain information desired with the least friction and resistance possible. Practice good sales talks.

Also practice diplomatic lectures to a slow-paying customer. He is a genius who can say one thing but mean another, and say it in such a way that he can get the meaning across, so that the customer will react to the meaning instead of what was said and not become offended.

A Statement Enclosure for December Bills



"I'm Turning Over A New Leaf, Son!"

"I'm making just one New Year's resolution—to pay my bills promptly when they're due.

"The ups and downs of last year taught me the value of a good credit record. I'm going to pay my bills on the tenth of the month from now on.

"That's a mighty good resolution for you, too, Son!"

National Retail Credit Association

Executive Offices St. Louis, Mo.

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Two Colors. Size 3 1/8 x 6. Price \$2.50 per 1000—
\$2.00 per 1000 in lots of 5000 or more

Order from the National Office

Charging Interest

(Continued from page 20.)

old were charged one per cent interest for the sixty days past due. Thereafter, if these accounts were not paid, they were charged one-half of one per cent per month until they were brought up to date.

As a whole the acceptance of this policy by the public was very favorable. There were a few complaints and a number of accounts closed, but when compared with the number of accounts affected the complaints seemed negligible.

A complete analysis of the effectiveness of the policy in the entire group of stores is not available at this time, but it is thought that the results obtained by the four largest stores in the group are indicative of the general results.

These four stores have a total of 33,500 active charge accounts. During the first three months the policy was in effect a total of 34,574 interest charges were made amounting to \$5,015.78 or an average charge of \$.145. Only fourteen complaints were registered in the four stores the first month, twenty-four the second and fifteen the third. Only eleven accounts were closed because of the interest charge during the first three months.

The clerical work involved in computing interest charges and posting such charges to the accounts called for additional help in some of the stores. However, the total cost to the four stores mentioned above for additional help during the three-month period amounted to only \$316.50.

The policy has not been in effect long enough to determine accurately its effect upon collection percentages. During the first two months of operation collections were practically the same as in the same period last year while during the third month there was an increase of 2 per cent over last year.

It seems probable from present indications that collection percentages will not be materially affected. While one group may make prompt payment to avoid the interest penalty another group may feel justified in letting their accounts run because of the interest charge.

There are many arguments for and against the adoption of such a policy but it has been the experience of the merchants in Salt Lake City that the arguments against it shrink into insignificance when the policy is put into operation. However, there is one prerequisite that appears fundamental: the merchants must unanimously support the policy in every detail, particularly through the pioneering stages, if it is to be successful.

Editor's Note: The National Office, in response to a questionnaire, has received a number of interesting reports on "Charging Interest." These will be given to you in an early issue.

Maintaining Satisfactory Turnover

(Continued from page 7.)

of retaining the customer's good will to the point only where we do not lose the customer's respect. We must protect our own receivables. Nobody should take offense if payment is requested provided proper judgment has been made in making such a demand. The burden of proof should be thrown upon the debtor so as to let him realize his responsibility. I do not care what others may think, it is my belief that in these times especially, prompt payment is more important than any other time.

I believe due regard and consideration should be given the unfortunate. There is nothing you or I can do with a customer who has been forced out of employment and whose financial status upon investigation is found to be such that we know he cannot pay, except to carry him along. However, I do not believe that we should continue to sell him until his account has been liquidated. I do not believe that the customer should be placed upon a pedestal as a blameless sufferer to the point where losses become so great as to jeopardize our own business.

Why do stores allow customers to impose upon them as they do. You know it and I know it. Is it because they are afraid to ask for payment? Do you think that the customer cares if the store waits? He doesn't care. I could cite you cases upon cases where we absolutely proved that customers were holding out on us. How much do you owe to your customer as far as carrying the account is concerned? Do you owe them enough to sacrifice your own business? "Of course conditions are unusual," but we must not be so sympathetic with public distress that we weaken our own position and threaten the foundation of our business.

A few years ago a survey was made and published in a bulletin of the U. S. Department of Commerce showing reasons why customers ceased to buy from stores. This survey showed that no accounts were closed because of insulting letters or harsh collection methods. Loss can only be kept down through hard work and by being constantly on the job, by careful extension of credit, through close scrutiny of new accounts until they have proved themselves, by controlling limits and overdue accounts and finally through proper collection control and collection follow-up. We have a man-sized job and we can prevent great losses, not only from unwise credit extension, but through the application of a sound and sensible collection policy.

POSITION WANTED

Credit and Collection Executive, several years' successful experience National organization, now available. Legal training. Address Box 112, CREDIT WORLD.

Can Municipalities Use Credit Bureau Service?

(Continued from page 27.)

dollars in badly needed delinquent taxes have been collected.

About two months ago New Jersey's Old Age Pension Law began to operate. County bureaus who took applications for those applying for this pension were actually swamped. The private investigators assigned to do this work had more than they could do and, not being familiar with all types of investigations, in many instances they were not able to get information that would definitely determine whether or not the applicant was worthy.

Some of our bureaus in New Jersey offered to investigate these borderline cases, and the results were truly astounding. A trained credit reporter does not, as a rule, have any difficulty in developing a report and definitely placing an individual either on the debit or credit side of the ledger and in 95 per cent of these borderline cases investigated by the credit bureaus, it was found that the application for old age pension was not warranted.

Again a number of our bureaus have voluntarily contributed their efforts to those of the committees in charge of dispensing food and clothing to the unemployed and other unfortunates. During these investigations we have discovered a number of individuals who are "gold-bricking" and who are promptly cut off from further supplies by the committee. Some had large bank accounts, others owned property fully paid for, and others were in receipt of an income more than sufficient for their needs.

Many municipalities operate water and light companies. These could all use credit bureau service—profitably—and the trained credit investigator connected with a legitimate credit bureau can uncover many items of everyday interest to the average municipality.

Last week we were showing our county court bulletin to the tax collector of a large municipality. In this bulletin each week are listed all suits, judgments, deeds, mortgages, *lis pendens* (to foreclose mortgages), chattel mortgages, releases of mortgages, assignments of mortgages, and all other court records having any bearing on an individual's credit. The tax collector was astounded that such information was available through the various credit bureaus and stated that this service would be invaluable to him.

Thus, the time may come when each municipality will take advantage of the same credit information that their local business and professional men have been using for some time. Good credit methods can do wonders if applied to municipal credit problems, and apparently the necessity for this information by various governmental bodies has never been analyzed either by the officials of those bodies or the managers of the local credit bureaus.

The Forms and Systems Department Offers—to Members Only—

Other Standardized Forms Available

STANDARD CONTRACTS
COUPON RATING SHEETS
MASTER CARDS
MASTER ENVELOPES
FOLDER CARDS
APPLICATION FOR CREDIT
OFFICE WORK SHEETS
STANDARD REPORT FORMS
PUBLICITY INSERTS
INQUIRY FORMS
ANTI-DIRECT INQUIRY
FORMS
DELINQUENT LIST FORMS
BULLETIN FRONT SHEETS AND
ENVELOPES
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TRIED AND TESTED LETTERS
FORWARDING SYSTEM
REPORTS TO CLIENTS
POOLED ACCOUNT SYSTEM
STATEMENTS AND RECEIPT
BOOKS

Special Letterheads “Surface-Marked” With the National Emblem

Membership in the National Retail Credit Association offers you many advantages—many helps to better credits and better collections.

Most important of these is the privilege of using the official emblem of the National Association on all your stationery and forms. This virtually puts the power and prestige of this nation-wide organization behind your collection efforts!

For the use of *members only*—we have developed a letterhead sheet, with the National emblem lithographed on the body of the sheet to resemble a “surface” watermark, just as it appears on the letterhead used by the National Office.

This can be furnished to you *with the insignia only*, so it can be imprinted with your own letterhead design by your own printer or—

We can furnish the letterhead lithographed complete with your own letterhead design. With the lithograph process all that is necessary is for you to furnish a clear, clean copy of your present letterhead for reproduction.

The incomplete letterhead (with insignia only) can be furnished in any quantity from 1,000 up—the complete lithographed letterheads in quantities of 5,000 or multiples of 5,000.

Write for samples, prices and complete information

NATIONAL RETAIL CREDIT ASSOCIATION

Forms and Systems Department

218 OLIVE STREET

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ST. LOUIS, MISSOURI

Psychology for Credit Men—

(Continued from page 25.)

Binet test to 1,000 children selected at random, that their intelligence quotients were distributed as follows:

Lowest	1% were 70 or below;	Highest	1% reached 130 or above
Lowest	5% were 78 or below;	Highest	5% reached 122 or above
Lowest	10% were 85 or below;	Highest	10% reached 116 or above
Lowest	25% were 92 or below;	Highest	25% reached 108 or above
Lowest	33 1/3% were 95 or below;	Highest	33 1/3% reached 106 or above

Making allowances for the fact that boundary lines between the groups below are arbitrary, Terman suggests the following classification of intelligence quotients:

I-Q

Above 140....	"Near" genius or genius
120-140....	Very superior
110-120....	Superior intelligence
90-110....	Normal or average intelligence
80- 90....	Dullness rarely classified as feeble-minded
70- 80....	Borderline deficiency between dull and feeble-minded

At a glance these tables show the relatively large percentage of the population that are in the lower registers—feeble-minded, borderline and dull. It is important for credit men to realize that individuals falling in these ranges are incapacitated by an insufficient endowment of intelligence to ever be satisfactory credit risks.

In psychological fields these individuals are always regarded as needing close and constant supervision, which is constantly mindful of the various mental ages of the subjects and their mental capacities. Their work to be satisfactory should be of the coarser manual form involving much routine.

They have a characteristic that is of particular interest to credit men, which is the general inability to care for themselves in financial matters. This also makes them a continual source of difficulty to their employers as they often buy far beyond their means, and not infrequently come into legal difficulties, criminal as well as civil, just because they have insufficient mental endowment.

These men, however, are not without their compensations to those who understand them. They are usually the most devoted and steadfast. They usually are the hardest workers actually enjoying that physical exhilaration.

Some credit men have the ability to understand these people and are paternal with them, unconsciously estimating their true mental age. One lacking this aptitude will find the science of human activity of inestimable help in dealing with the problem cases in credit work, and that the matter of relative intelligence is prominent.

POSITION WANTED

Young married man, twenty-nine years of age, high school and commercial college graduate, with ten years' experience as Accountant and Credit Manager, Cost Accountant, Collections and Correspondence. At present employed in Western department store. Desires to make change. Can furnish exceptional references. Address Box 114, CREDIT WORLD.

The Doctor's Pay

David Woodlock, manager of the National Retail Credit Association and editor of *The CREDIT WORLD*, understands perhaps better than doctors themselves their credit problem of slow pay or no pay at all. His talk to members of the Dallas County Medical and Dental Societies was hard common sense, pointing the path to more stabilized income, to less dealing with the deadbeat and to more prompt business relationship with the red book's good credit risks.

The doctor in theory at least is in business last, in service to humanity first. So on through the years he will go with uncollectible debts on his books, while his own creditors, hampered by no physician's oath, afflict his days and poor-paying patients rout him out of bed at nights to render costly service.

That attitude is no less fine because it is a bit quixotic. But Mr. Woodlock is right in insisting that the world that the doctor serves should be fair with him, for he must pay his bills also.

The editor of *CREDIT WORLD* is right in urging a balanced mixture of business method with professional skill, so that the debtor patient may understand the nature and amount of his obligation and contract to settle it as regularly as he meets the installments on his car and his electric refrigerator. The physician cannot always be businesslike, but there is no reason why he should not be a business man when he can.—*Editorial in Dallas News, Oct. 31, 1932. (See page 17.)*

Collection Department Growing

EVERY month twenty or more units are added to the Supervising Collection Department of the National Retail Credit Association.

This means increased protection and dependable service for retail merchants and professional men.

These collectors are bonded—are under close supervision—and have the stamp of approval of the National Retail Credit Association.

Credit men should place their accounts for collection with bureaus or agencies having this emblem on their letterheads



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